

Leaders' Committee

14 July 2015 – 11:30 am

At London Councils offices, 59½ Southwark St., London SE1 0AL

Refreshments will be provided

London Councils offices are wheelchair accessible

Labour Group: Room 2 and 3 9:30

Political Adviser: 07977 401955)

Conservative Group: Room 5 9:30

(Political Adviser: 07903 492195)

Contact Officer: Derek Gadd

Telephone and email: 020 7934 9505 derek.gadd@londoncouncils.gov.uk

Lunch will be provided in Room 4 for members after the meeting

There will be a Congress of Leaders at 10:30 am

At the end of the meeting there will be a brief AGM of London Councils Ltd

Agenda item	Page
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- Executive – 12 May 2015
 - Pensions CIV Sectoral Joint Committee – 27th May, 2015
 - Executive – 23 June 2015
-

***Declarations of Interests**

If you are present at a meeting of London Councils' or any of its associated joint committees or their sub-committees and you have a disclosable pecuniary interest* relating to any business that is or will be considered at the meeting you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting, participate further in any discussion of the business, or
- participate in any vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

It is a matter for each member to decide whether they should leave the room while an item that they have an interest in is being discussed. In arriving at a decision as to whether to leave the room they may wish to have regard to their home authority's code of conduct and/or the Seven (Nolan) Principles of Public Life.

*as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

London Councils

Minutes of the Annual General Meeting of the London Councils Leaders' Committee held on 2 June 2015

Mayor Jules Pipe chaired the meeting from item 3

Present:

BARKING AND DAGENHAM	Cllr Darren Rodwell
BARNET	Cllr Richard Cornelius
BEXLEY	Cllr Teresa O'Neill
BRENT	Cllr M. A. Butt
BROMLEY	Cllr Stephen Carr
CAMDEN	Cllr Sarah Hayward
CROYDON	Cllr Tony Newman
EALING	Cllr Julian Bell
ENFIELD	Cllr Doug Taylor
GREENWICH	Cllr Denise Hyland
HACKNEY	Mayor Jules Pipe
HAMMERSMITH & FULHAM	Cllr Stephen Cowan
HARINGEY	Cllr Claire Kober
HARROW	Cllr David Perry
HAVERING	Cllr Roger Ramsey
HILLINGDON	Cllr David Simmonds
HOUNSLOW	Cllr S. Curran
ISLINGTON	Cllr Richard Watts
KENSINGTON & CHELSEA	Cllr Nicholas Paget-Brown
KINGSTON	Cllr Kevin Davis
LAMBETH	Cllr Lib Peck
LEWISHAM	Mayor Sir Steve Bullock
MERTON	Cllr Stephen Alambritis
NEWHAM	Cllr Ken Clark
REDBRIDGE	-
RICHMOND UPON THAMES	Cllr Lord True
SOUTHWARK	Cllr Peter John
SUTTON	Cllr Ruth Dombey
TOWER HAMLETS	-
WALTHAM FOREST	Cllr Clyde Loakes
WANDSWORTH	Cllr Ravi Govindia
WESTMINSTER	Cllr Philippa Roe
CITY OF LONDON	Mr Mark Boleat
LFEPa	-

Apologies:

HILLINGDON	Cllr Ray Puddifoot MBE
NEWHAM	Mayor Sir Robin Wales
WALTHAM FOREST	Cllr Chris Robbins

Ex officio (under the provisions of Standing Order 2.2)

CAPITAL AMBITION	Mr Edward Lord JP OBE CC
GRANTS	Cllr Paul McGlone

Officers of London Councils were in attendance.

The Chief Executive opened the meeting.

1. Declarations of interest

There were no declarations of interest.

2. Apologies for absence and notification of deputies

Apologies are listed above.

3. Election of Chair

The Chief Executive called for nominations for the position of Chair of London Councils and Mayor Jules Pipe was nominated by Cllr Teresa O'Neill and seconded by Cllr Claire Kober. In the absence of any other nominations he was elected Chair and took over chairing the meeting.

4. Election of Deputy Chair and up to three Vice-Chairs

The Chair then invited nominations for the Deputy Chair and up to three Vice-chairs and the following were returned unopposed:

Deputy Chair	Cllr Claire Kober (Haringey, Lab) nominated by Cllr Clyde Loakes (Waltham Forest, Labour), seconded by Cllr Ravi Govindia (Wandsworth, Conservative)
Vice-Chair	Cllr Teresa O'Neill (Bexley, Con) nominated by Cllr Clyde Loakes (Waltham Forest, Labour), seconded by Cllr Ravi Govindia (Wandsworth, Conservative)
Vice-Chair	Cllr Ruth Dombey (Sutton, Lib Dem) nominated by Cllr Clyde Loakes (Waltham Forest, Labour), seconded by Cllr Ravi Govindia (Wandsworth, Conservative)
Vice-Chair	Mr Mark Boleat (City of London, Ind) nominated by Cllr Clyde Loakes (Waltham Forest, Labour), seconded by Cllr Ravi Govindia (Wandsworth, Conservative)

5. Minutes of the meeting of the AGM Leaders' Committee on 15 July 2014

Leaders' Committee agreed to note the minutes of the meeting of the AGM of Leaders' Committee on 15 July 2014 already agreed by Leaders' Committee on 14 October 2014.

6. Appointment of London Councils Co-Presidents for 2014/15

The Chair thanked the Co-Presidents for their work on behalf of London Councils throughout the year and Leaders' Committee agreed to reappoint Baroness Sally Hamwee, Baroness Joan Hanham and Lord Andrew Adonis as London Councils' Co-Presidents.

The Chair proposed to take items 7-14 *en bloc*; items 7-9 were the noting of the members of Leaders' Committee, the Transport and Environment Committee (TEC) the Grants Committee, the Pensions CIV Sectoral Joint Committee and the Greater London Employment Forum on the nomination of boroughs. Items 9 – 14 were proposed and seconded by the party group whips, Cllr Clyde Loakes (Labour, Waltham Forest) and Cllr Ravi Govindia (Conservative, Wandsworth) for the appointment of the employers side of the Greater London Provincial Council, London Councils Executive (including Portfolios), the appointment of party group lead members, the lead member for Equalities, the Group Whips, the appointment of the Audit Committee and election of its Chair and the appointment of the Capital Ambition Board and the election of its Chair and Deputy Chair and the YPES board members. These are listed on the pages that follow and all were agreed by Leaders' Committee.

The following changes were requested by

- Cllr Ken Clark (Labour, Newham) informed the AGM that Newham's representative on Grants committee would be Cllr Forhad Hussain and Cllr Clyde Loakes (Labour, Waltham Forest and the Labour Group Whip) informed the AGM that he would be the Labour Vice-chair of the Grants Committee.
- Mr Mark Boleat (Ind, City) informed the AGM that his deputy on Leaders' Committee would be Mr Jeremy Mayhew.
- Mr Edward Lord OBE JP (Ind, City) informed the AGM that the City's representative on the Greater London Employment Forum would be Revd. Stephen Decatur Haines MA Deputy and he, Edward Lord would be his deputy

In the tables all those listed are councillors unless otherwise specified.

7. Leaders' Committee

Borough	Rep	Party	Deputy 1	Party
Barking & Dagenham	Darren Rodwell	Lab	Dominic Twomey	Lab
Barnet	Richard Cornelius	Con	Daniel Thomas	Con
Bexley	Teresa O'Neill	Con	Gareth Bacon	Con
Brent	Muhammed Butt	Lab	Michael Pavey	Lab
Bromley	Stephen Carr	Con	Colin Smith	Con
Camden	Sarah Hayward	Lab	Pat Callaghan	Lab
Croydon	Tony Newman	Lab	Alison Butler	Lab
Ealing	Julian Bell	Lab	Ranjit Dheer	Lab
Enfield	Doug Taylor	Lab	Bambos Charalambous	Lab
Greenwich	Denise Hyland	Lab	John Fahy	Lab
Hackney	Mayor Jules Pipe	Lab	Sophie Linden	Lab
Hammersmith & Fulham	Stephen Cowan	Lab	Michael Cartwright	Lab
Haringey	Claire Kober	Lab	Bernice Vanier	Lab
Harrow	David Perry	Lab	Keith Ferry	Lab
Havering	Roger Ramsey	Con	Damian White	Con
Hillingdon	Ray Puddifoot	Con	David Simmonds	Con
Hounslow	Steve Curran	Lab	Amrit Mann	Lab
Islington	Richard Watts	Lab	Janet Burgess	Lab
Kensington & Chelsea	Nicholas Paget-Brown	Con	Rock Feilding-Mellen	Con
Kingston upon Thames	Kevin Davis	Con	Gaj Wallooppillai	Con
Lambeth	Lib Peck	Lab	Imogen Walker	Lab
Lewisham	Mayor Sir Steve Bullock	Lab	Alan Smith	Lab
Merton	Stephen Alambritis	Lab	Mark Allison	Lab
Newham	Mayor Sir Robin Wales	Lab	Lester Hudson	Lab
Redbridge	Jas Athwal	Lab	Wes Streeting	Lab
Richmond upon Thames	Nicholas True	Con	Tony Arbour	Con
Southwark	Peter John	Lab	Fiona Colley	Lab
Sutton		Lib		
	Ruth Dombey	Dem	Simon Wales	
Tower Hamlets	-		-	
Waltham Forest	Chris Robbins	Lab	Clyde Loakes	Lab
Wandsworth	Ravi Govindia	Con	Jonathan Cook	Con
Westminster	Philippa Roe	Con	Robert Davis	Con
City of London	Mark Boleat	Ind	Mr Jeremy Mayhew	Ind
LFEPa	Gareth Bacon	Con	-	

Lab = Labour

Con = Conservative

Lib Dem = Liberal Democrat

Ind = Independent

8. Note of borough nominations to the Transport and Environment

Committee, Grants Committee and Pensions CIV Sectoral Joint Committee

Transport and Environment Committee:

Borough	Rep	Party	Deputy 1	Party
Barking & Dagenham	Lynda Rice	Lab	Sanchia Alasia	Lab
Barnet	Dean Cohen	Con	Richard Cornelius	Con
Bexley	Alex Sawyer	Con	Peter Craske	Con
Brent	Ellie Southwood	Lab	Roxanne Mashari	Lab
Bromley			William Huntingdon-	
	Colin Smith	Con	Thresher	Con
Camden	Phil Jones	Lab	Meric Apak	Lab
Croydon	Kathy Bee	Lab	Robert Canning	Lab
Ealing	Julian Bell	Lab	Bassam Mahfouz	Lab
Enfield	Daniel Anderson	Lab	Derek Levy	Lab
Greenwich	Danny Thorpe	Lab	Jackie Smith	Lab
Hackney	Feryal Demirci	Lab	Sophie Linden	Lab
Hammersmith & Fulham	Wesley Harcourt	Lab	-	
Haringey	Joe Goldberg	Lab	Joanna Christophides	Lab
Harrow	Graham Henson	Lab	-	
Havering	Robert Benham	Con	Osman Dervish	Con
Hillingdon	Keith Burrows	Con	Jonathan Bianco	Con
Hounslow	Amrit Mann	Lab	Manjit Buttar	Lab
Islington	Claudia Webbe	Lab	Janet Burgess	Lab
Kensington & Chelsea	Tim Coleridge	Con	Marie-Therese Rossi	Con
Kingston upon Thames	David Cunningham	Con	Kevin Davis	Con
Lambeth	Jennifer Braithwaite	Lab	Jack Hopkins	Lab
Lewisham	Alan Smith	Lab	Rachael Onikosi	Lab
Merton	Nick Draper	Lab	Andrew Judge	Lab
Newham	Ian Corbett	Lab	Unmesh Desai	Lab
Redbridge	Baldesh Kaur Nijjar	Lab	Sheila Bain	Lab
Richmond upon Thames				
Southwark	Steven Speak	Con	Pamela Fleming	Con
Sutton	Darren Merrill	Lab	Barrie Hargrove	Lab
		Lib		
	Jill Whitehead	Dem	-	
Tower Hamlets	-		-	
Waltham Forest	Clyde Loakes	Lab	Gerry Lyons	Lab
Wandsworth	Caroline Usher	Con	Jonathan Cook	Con
Westminster	Heather Acton	Con	Richard Beddoe	Con
City of London	Mr Michael Welbank	Ind	Ms Marianne Fredericks	Ind
TfL	Ms Michèle Dix	*	Mr Alex Williams	*

*Officers

Grants Committee:

Borough	Rep	Party	Deputy 1	Party
Barking & Dagenham	Darren Rodwell	Lab	-	
Barnet	Richard Cornelius	Con	Daniel Thomas	Con
Bexley	Don Massey	Con	-	
Brent	Michael Pavey	Lab	James Denselow	Lab
Bromley	Stephen Carr	Con	Roberts Evans	Con
Camden	Abdul Hai	Lab	Jonathan Simpson	Lab
Croydon	Mark Watson	Lab	Louisa Woodley	Lab
Ealing	Ranjit Dheer	Lab	Julian Bell	Lab
Enfield	Yasemin Brett	Lab	Andrew Stafford	Lab
Greenwich	Denise Scott-McDonald	Lab	-	
Hackney	Jonathan McShane	Lab	Feryal Demirci	Lab
Hammersmith & Fulham	Sue Fennimore	Lab	Vivienne Lukey	Lab
Haringey	Peter Morton	Lab	Bernice Vanier	Lab
Harrow	Sue Anderson	Lab	-	
Havering	Melvin Wallace	Con	Osman Dervish	Con
Hillingdon	Douglas Mills	Con	J Bianco	Con
Hounslow	Sue Sampson	Lab	Ajmer Grewal	Lab
Islington	Asima Shaikh	Lab	Andy Hull	Lab
Kensington & Chelsea	Gerard Hargreaves	Con	Elizabeth Campbell	Con
Kingston upon Thames	Julie Pickering	Con	Kevin Davis	Con
Lambeth	Paul McGlone	Lab	Imogen Walker	Lab
Lewisham	Joan Millbank	Lab	Chris Best	Lab
Merton	Edith Macauley	Lab	Maxi Martin	Lab
Newham	Lester Hudson	Lab	Unmesh Desai	Lab
Redbridge	Dev Sharma	Lab	Kam Rai	Lab
Richmond upon Thames	Meena Bond	Con	David Marlow	Con
Southwark	Michael Situ	Lab	Fiona Colley	Lab
Sutton	Simon Wales	Lib		
Tower Hamlets	-	Dem	Ruth Dombey	LD
Waltham Forest	Liaquat Ali	Lab	-	
Wandsworth	James Maddan	Lab	Clyde Loakes	Lab
Westminster	Steve Summers	Con	Cllr. Senior	Con
City of London	Mr Jeremy Mayhew	Con	Melvyn Caplan	Con
		Ind	Ms Alison Gowman	Ind

Pensions CIV Sectoral Joint Committee

Borough	Rep	Party	Deputy 1	
Barking & Dagenham	Dominic Twomey	Lab	Faraaz Shaukat	Lab
Barnet	Brian Salinger	Con	Daniel Thomas	Con
Bexley	John Waters	Con	Louie French	Con
Brent	George Crane	Lab	Mary Daly	Lab
Camden	Rishi Madlani	Lab	Theo Blackwell	Lab
Croydon	Simon Hall	Lab	John Wentworth	Lab
Ealing	Yvonne Johnson	Lab	Anthony Young	Con
Enfield	Toby Simon	Lab	Derek Levy	Lab
Greenwich	Don Austen	Lab	Stephen Brain	Lab
Hackney	Robert Chapman	Lab	Geoff Taylor	Lab
Hammersmith & Fulham	Iain Cassidy	Lab	Mike Adam	Lab
Haringey	Clare Bull	Lab	Jason Arthur	Lab
Harrow	Adam Swersky	Lab	Keith Ferry	Lab
Hounslow	Mukesh Malhotra	Lab	Surinder Purewal	Lab
Islington	Richard Greening	Lab	Andy Hull	Lab
Kensington & Chelsea	Quentin Marshall	Con	Warwick Lightfoot	Con
Kingston upon Thames	Eric Humphrey	Con	Rowena Bass	Con
Lambeth	Adrian Garden	Lab	Neil Sabharwal	Lab
Lewisham	Mark Ingleby	Lab	-	
Merton	Imran Uddin	Lab	Mark Allison	Lab
Newham	Forhad Hussain	Lab	Lester Hudson	Lab
Redbridge	Elaine Norman	Lab	Ross Hatfull	Lab
Richmond upon Thames	Thomas O'Malley	Con	Benedict Dias	Con
Southwark	Fiona Colley	Lab	-	
		Lib		Lib
Sutton	Sunita Gordon	Dem	Adrian Davey	Dem
Tower Hamlets	Clare Harrison	Lab	-	
Waltham Forest	Simon Miller	Lab	Gerry Lyons	Lab
Wandsworth	Maurice Heaster	Con	Guy Senior	Con
Westminster	Suhail Rahuja	Con	Melvyn Caplan	Con
City of London	Mr Mark Boleat	Ind	Mr Robert Howard	Ind

9. Note of borough nominations to the employers side of the Greater London Employment Forum

9(a) Greater London Employment Forum

Borough	Rep	Party	Deputy	Party
Barking & Dagenham	James Ogungbose	Lab	Irma Freeborn	Lab
Barnet	Richard Cornelius	Con	Daniel Thomas	Con
Bexley	Colin Tandy	Con	Linda Bailey	Con
Brent	Michael Pavey	Lab	Krupesh Hirani	Lab
Bromley	Tim Stevens J.P.	Con	Diane Smith	Con
Camden	Theo Blackwell	Lab	Maeve McCormack	Lab
Croydon	Tony Newman	Lab	Toni Letts	Lab
Ealing	Yvonne Johnson	Lab	-	
Enfield	Doug Taylor	Lab	Andrew Stafford	Lab
Greenwich	Chris Kirby	Lab	-	
Hackney	Sophie Linden	Lab	Mayor Jules Pipe	Lab
Hammersmith & Fulham	Ben Coleman	Lab	-	
Haringey	Jason Arthur	Lab	Claire Kober	Lab
Harrow	Antonio Weiss	Lab	Graham Henson	Lab
Havering	Osman Dervish	Con	Melvin Wallace	Con
Hillingdon	Scott Seaman-Digby	Con	-	
Hounslow	Ajmer Grewal	Lab	-	
Islington	Andy Hull	Lab	-	
Kensington & Chelsea	Joanna Gardner	Con	-	
Kingston upon Thames	Eric Humphrey	Con	Julie Pickering	Con
Lambeth	Paul McGlone	Lab	Jack Hopkins	Lab
Lewisham	Kevin Bonavia	Lab	Joe Dromey	Lab
Merton	Mark Allison	Lab	-	
Newham	Terence Paul	Lab	Lester Hudson	Lab
Redbridge	Kam Rai	Lab	Jas Athwal	Lab
Richmond upon Thames	Tony Arbour	Con	-	
Southwark	Fiona Colley	Lab	Ian Wingfield	Lab
Sutton		Lib		
	Richard Clifton	Dem	-	
Tower Hamlets	-		-	
Waltham Forest	Pete Barnett	Lab	Gerry Lyons	Lab
Wandsworth	Guy Senior	Con	-	
Westminster	Angela Harvey	Con	-	
City of London	Revd Stephen Decatur Haines MA Deputy		Mr Edward Lord OBE JP	
		Ind		Ind

The appointments made under items 9b – 14 are proposed by Cllr Clyde Loakes (Waltham Forest) and seconded by Cllr Ravi Govindia (Wandsworth)

9(b) Appointment of Greater London Provincial Council Employers Side

Borough	Rep	Party
Barking & Dagenham	James Ogungbose	Lab
Bexley	Colin Tandy	Con
Bromley	Tony Owen	Con
Camden	Theo Blackwell	Lab
Croydon	Tony Newman	Lab
Enfield	Doug Taylor	Lab
Hackney	Sophie Linden	Lab
Hounslow	Ajmer Grewal	Lab
RBK&C	Joanna Gardner	Con
Kingston	Eric Humphrey	Co
Lambeth	Paul McGlone	Lab
Lewisham	Kevin Bonavia	Lab
Sutton	Richard Clifton	Lib Dem
Waltham Forest	Peter Barnett	Lab
Westminster	Angela Harvey	Con

10. Appointment of London Councils Executive (including Portfolios)

- **Mayor Jules Pipe** (Lab, Hackney) Chair
- **Cllr Claire Kober** (Lab, Haringey) Deputy Chair and **Infrastructure and Regeneration**
- **Cllr Teresa O'Neill** (Con, Bexley) Vice-Chair and **Health**
- **Cllr Ruth Dombey** (Lib Dem, Sutton) Vice-Chair
- **Mr Mark Boleat** (Ind, City) Vice-Chair
- **Cllr Ray Puddifoot MBE** (Con, Hillingdon) **Adult Social Care**
- **Cllr Peter John** (Lab, Southwark) **Children, Skills and Employment**
- **Cllr Lib Peck** (Lab, Lambeth) **Crime and Public Protection**
- **Cllr Philippa Roe** (Con, Westminster) Conservative Group lead on **Devolution and Public Services Reform**
- **Mayor Sir Steve Bullock** (Lab, Lewisham) **Housing**
- **Cllr Julian Bell** (Lab, Ealing) **TEC**

11.Appointment of party group lead members

Policy area	Portfolio holder	Party lead (Labour)	Party lead (Conservative)	Other
*Chair including: <ul style="list-style-type: none"> Finance and Resources Devolution and Public Service Reform (Labour Group Lead) Overall Strategy The Chair's portfolio also includes Welfare Reform, Arts and Culture and Improvement	Mayor Jules Pipe		Teresa O'Neill See also below for separate Conservative Group Lead for Devolution and Public Service Reform	
Health	Teresa O'Neill	Darren Rodwell		Ruth Dombey (Lib Dem)
Adult Services	Ray Puddifoot MBE	Richard Watts		
Housing	Mayor Sir Steve Bullock		Ravi Govindia	
Children, Employment and Skills	Peter John		David Simmonds	
Devolution and Public Services Reform (Conservative Group Lead)	Philippa Roe	See above for Chair's portfolio		
Crime and Public Protection	Lib Peck		Richard Cornelius	
Infrastructure and Regeneration	Claire Kober		Philippa Roe	

Associated Joint Committees	Nominee for Chair	Nominee for Vice-chair (Labour)	Nominee for Vice-chair (Conservative)	Nominee for Vice-chair (Liberal Democrat)
Transport and Environment	Julian Bell	Feryal Demirci	Timothy Coleridge	Jill Whitehead
Grants	Paul McGlone	Forhad Hussain	Stephen Carr	Simon Wales

Equalities:

- Cllr Muhammad Butt (Brent, Labour).

Group whips

- **Labour** Cllr Clyde Loakes (Waltham Forest)
- **Conservative** Cllr Ravi Govindia (Wandsworth).

12. Appointment of Audit Committee and election of its Chair and Deputy Chair

- Cllr Roger Ramsey (Havering, Con) Chair
- Cllr Stephen Alambritis (Merton, Lab)
- Mr Roger Chadwick (City, Ind)
- Cllr Jas Athwal (Redbridge, Lab)
- Cllr Simon Wales (Sutton, Lib Dem).

13. Appointment of Capital Ambition Board and election of its Chair and Deputy Chair

- Mr Edward Lord OBE JP (City, Chair)
- Cllr Stephen Alambritis (Merton, Lab, Deputy chair)
- Cllr Jas Athwal (Redbridge, Lab)
- Cllr David Simmonds (Hillingdon, Con)
- Cllr Nicholas Paget-Brown (RBK&C, Con).

14. YPES Board

- Cllr Peter John (Southwark, Lab)
- Cllr David Simmonds (Hillingdon, Con).

15. Constitutional matters

Leaders Committee agreed the variations set out in the reports to:

- A: Minor Variation to London Councils Governing Agreement
- B: Amendments to London Councils Standing Orders
- C: Approval of, and Amendment to London Councils Scheme of Delegation to Officers
- D: Terms of Reference for Committees
- E: YPES
- F: Revised Financial Regulations.

16. London Councils meeting dates 2015/16

Leaders' Committee agreed the meeting dates for 2015/16.

17. Annual Review

Leaders' Committee agreed to note the annual review.

18. Any other business

There was no other business.

The meeting ended at 11:45

London Councils

Minutes of the London Councils Leaders' Committee held on 2 June 2015
Mayor Jules Pipe chaired the meeting

Present:

BARKING AND DAGENHAM
BARNET
BEXLEY
BRENT
BROMLEY
CAMDEN
CROYDON
EALING
ENFIELD
GREENWICH
HACKNEY
HAMMERSMITH & FULHAM
HARINGEY
HARROW
HAVERING
HILLINGDON
HOUNSLOW
ISLINGTON
KENSINGTON & CHELSEA
KINGSTON
LAMBETH
LEWISHAM
MERTON
NEWHAM
REDBRIDGE
RICHMOND UPON THAMES
SOUTHWARK
SUTTON
TOWER HAMLETS
WALTHAM FOREST
WANDSWORTH
WESTMINSTER
CITY OF LONDON
LFEP A

Cllr Darren Rodwell
Cllr Richard Cornelius
Cllr Teresa O'Neill
Cllr M. A. Butt
Cllr Stephen Carr
Cllr Sarah Hayward
Cllr Tony Newman
Cllr Julian Bell
Cllr Doug Taylor
Cllr Denise Hyland
Mayor Jules Pipe
Cllr Stephen Cowan
Cllr Claire Kober
Cllr David Perry
Cllr Roger Ramsey
Cllr David Simmonds
Cllr S. Curran
Cllr Richard Watts
Cllr Nicholas Paget-Brown
Cllr Kevin Davis
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Stephen Alambritis
Cllr Ken Clark
-
Cllr Lord True
Cllr Peter John
Cllr Ruth Dombey
-
Cllr Clyde Loakes
Cllr Ravi Govindia
Cllr Philippa Roe
Mr Mark Boleat
-

Apologies:

HILLINGDON
NEWHAM
WALTHAM FOREST

Cllr Ray Puddifoot MBE
Mayor Sir Robin Wales
Cllr Chris Robbins

Ex officio (under the provisions of Standing Order 2.2)

CAPITAL AMBITION
GRANTS

Mr Edward Lord JP OBE CC
Cllr Paul McGlone

Officers of London Councils were in attendance.

1. Declarations of interest

No interests were declared.

2. Minutes of Leaders' Committee meeting held on 24 March 2015

Cllr Carr (Conservative, Bromley) asked for an update on item 4 of the minutes *No Recourse to Public Funds*. The Chief Executive informed Cllr Carr that there had been something of a hiatus in activity with the general election but that work continued with a network of local authorities and the case continued to be made to the Home Office. He undertook to provide Cllr Carr with a more detailed update.

Leaders' Committee agreed the minutes of the meeting held on 24 March 2015

3. Business Rates Review discussion paper: response

The Chair introduced the report saying its purpose was to seek approval for the London Councils response to the Government's discussion paper on business rates. He went on to say that he understood that Westminster had made representations and asked Cllr Philippa Roe (Conservative, Westminster) to comment. She informed the meeting that her borough, along with other local authorities and private sector partners, were submitting a response. London Councils had also been involved in this work.

Leaders Committee agreed the formal London Councils response to the discussion paper.

4. Assessing Future Funding Options for Local Government: Update

The Corporate Director, Policy and Public Affairs introduced the report saying:

- The approaching end of the current Spending Round period (2015-16) represented a significant moment for London local government to influence government thinking about the future financial relationship between central and local government
- In anticipation of the forthcoming Spending Review 2015, Leaders Committee had considered a report in March, highlighting some of the issues that could potentially

emerge from efforts to reform how local public services were funded. While there were no current commitments to wholesale reform, London Councils officers had been commissioned to further consider how fiscal reform could support London local government during what would undoubtedly remain a challenging financial climate. They have focused their work on the four principal elements of the current finance system:

- The grant regime
 - The role of financial incentives
 - Council tax, and
 - Business rates
- It had been reported that London local government faced a financial pressure of £3.4 billion from 2012-13 to 2019-20. This report updates that previous modelling to show the gap is now estimated at £2.4 billion (over a shorter time period 2014-15 to 2019-20). The current modelling prudently assumed local government funding would share some of the anticipated growth in public spending in 2019-20 (outlined by the government in the Budget 2015), that each borough would raise its council tax by 1.5 per cent each year and that business rates would continue to grow. None of these assumptions, however, might turn out to be what happened in fact.
- Historically, the distribution of funding had been wholly driven by an assessment of 'need' and the unique and relative characteristics of an area. When the formula was frozen in April 2013, there was a clear shift from need as the key determinant of funding levels to one where certain behaviours were incentivised such as the growth of the domestic and/or non-domestic taxbase (New Homes Bonus and business rates retention respectively).
- London Councils officers had undertaken analysis to consider the extent to which local population, demographics and other characteristics had changed since the formula was frozen in 2013. From this work, it was clear that there were two factors which had the most significant impact on pre-dampening funding levels in London. These were population estimates and taxbase figures.

Cllr Ravi Govindia (Conservative, Wandsworth) questioned whether any strategy existed to bridge the £2.4bn gap set out in the report and argued that an upfront commitment to reduce

costs, as local government had sought to do for the past four or five years, would assist in the dialogue with government.

Cllr Doug Taylor (Labour, Enfield) argued that each borough may have a different response to the questions posed in the report on the four areas of concern - the grant regime, the role of financial incentives, Council tax, and Business rates – and time was short to provide a proper answer to these questions which he would prefer to answer in a more structured way. As an example he would have particular issues on the question of damping.

Cllr Richard Cornelius (Conservative, Barnet) agreed with Cllr Taylor and expressed his particular concern with Council Tax which he found illogical but acknowledged that nothing had been proposed to replace it that did not involve ‘winners’ and ‘losers’ and the points made in paragraphs 34-36 of the report on Council Tax were a real political challenge.

Cllr Philippa Roe (Conservative, Westminster) also agreed and pointed out that differences between boroughs were not so much party political, but likely to be based as much on some other factor, such as whether the council was in inner or outer London.

Cllr Nicholas Paget-Brown (Conservative, Royal Borough of Kensington and Chelsea) saw Council Tax as a property tax that did not reflect the fact that one significant difference between London and other UK urban areas was in the number of visitors it received, which the grant regime failed to take into account.

The Chair summed up by saying that this was not simply an argument for more resources but how resources were divided up and proposed a way forward; that in the short term the London Councils submission in respect of the 2015 Spending Review would focus on the broader arguments that united London and London local government. For the medium term, the views of all boroughs should be sought, and in particular the view of Leaders not just the Treasurers, to the wider questions asked in the report. A judgement could then be reached on whether there was scope for some further collective reflection on those points going forward. Leaders’ Committee agreed to note the report and seek the written views of London local authority leaders on the medium term issues.

5. Minutes and Summaries

Leader's Committee agreed to note the draft minutes and summaries:

- Audit Committee – 19 March 2015
- TEC – 19 March 2015
- Grants Committee – 25 March 2015
- Pensions CIV Sectoral Joint Committee – 25 March 2015

Leaders' Committee resolved to exclude the press and public.

The meeting, which had begun at 11:45, ended at 12:00 noon.

Action Points

Item		Action	Progress
3.	Business Rates Review discussion paper: response <ul style="list-style-type: none"> • Submit the response to government. 	Fair Funding	Done (08/06/15)
4.	Assessing Future Funding Options for Local Government: Update <ul style="list-style-type: none"> • Seek the written views of London local authority leaders. 	Fair Funding	Reminder letter from Chair sent to Leaders and Chief Executives (29/06/15) asking for written responses by the end of August (to be sent to London Councils' Chief Executive)

Leaders' Committee

Spending Review 2015: update

Item 5

Report by: Paul Honeyben

Job title: Acting Strategic Lead: Finance,
Performance & Procurement

Date: 14 July 2015

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Summary

Spending Review 2015 is expected to be in late autumn, and is likely to outline departmental spending limits for the next four years. London local government is again likely to face a disproportionate level of funding reductions. This comes during a period of growing demand driven, primarily, by a rapidly growing population.

The Spending Review provides an opportunity for London Councils to put a clear and persuasive case to Government about the challenge facing London that must be addressed if local services are to be maintained, and further economic growth achieved, in this Parliament.

The development of the Spending Review submission sits alongside, and is closely linked to, the work to secure further devolution and resources in public services in London.

This paper summarises the broad outline that London Councils' submission will take.

Recommendations

Leaders are asked to note the report and to offer guidance and comment on both the proposed shape of the overall submission and the specific issues that it covers.

Spending Review 2015: update

Introduction

1. By the time Leaders' Committee convenes, the Chancellor of the Exchequer will have delivered the Summer Budget to Parliament (8 July). Officers will circulate a briefing note on the announcement prior to the meeting. The Budget provides the first indication of public spending under the new Government, and includes £4.5 billion of in-year cuts recently announced by the Chancellor.
2. The Spending Review (SR15), expected in late autumn, will set the parameters of the public finances and related changes to public service delivery for much of this Parliament.
3. With a likely September deadline for submissions to HM Treasury, this paper sets out the broad themes that London Councils' submission will cover, including:
 - London's unique circumstances with regard to:
 - its contribution to the wider UK economy
 - the scale of the financial challenge facing London local government
 - the disproportionate growth in demand for services in London
 - the particular pressures London is experiencing in specific services; and
 - how the Government can meet its goals and mitigate these pressures at SR15 through:
 - public service reform
 - reforms to the local government financial system
 - fiscal devolution for London Government.

Why London is different

London's contribution to the UK economy

4. London has led the economic recovery. Despite having 13 per cent of the population, London now accounts for 22 per cent of the UK's total GVA¹. A fifth of all UK businesses are located in the capital². Over the past decade over three quarters of a million private sector jobs have been created in London, which continues to outperform the rest of the UK with jobs increasing by 2.9 per cent over the last year, compared with a 1.9 per cent increase for the UK overall³.

¹ <https://www.london.gov.uk/priorities/business-economy/publications/gla-economics/regional-sub-regional-and-local-gross-value-added-estimates-for>

² Centre for Cities, *Cities Outlook 2015* (2015)

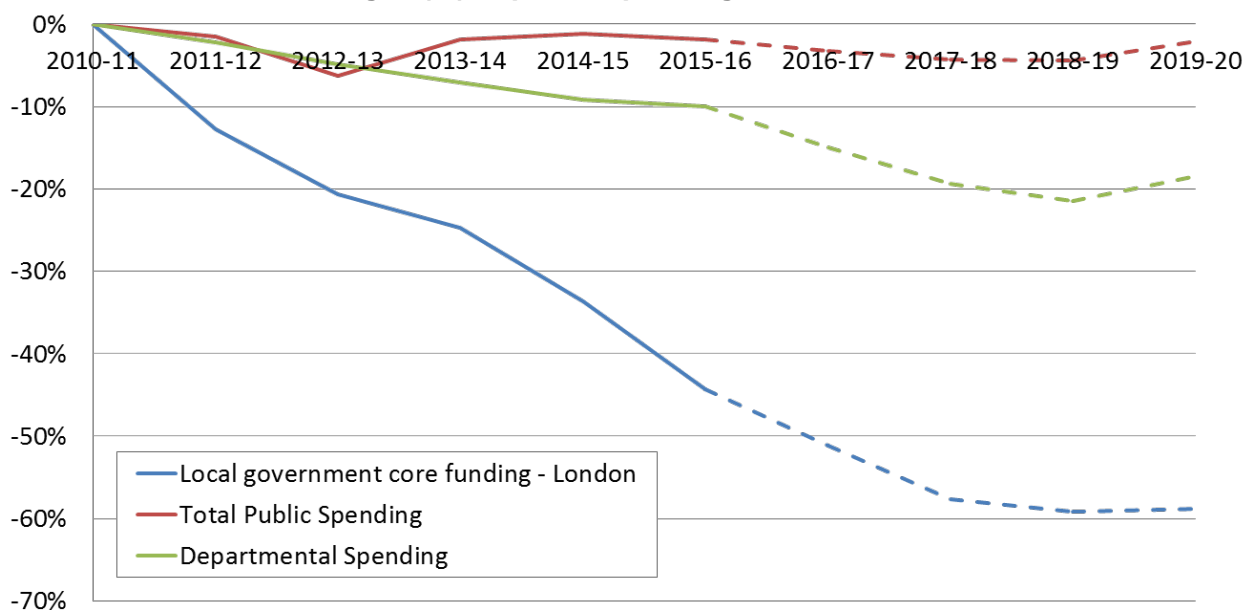
³ GLA, London Datastore and dashboard June 2015 update: http://data.london.gov.uk/?utm_campaign=Data-Dash-june+2015&utm_source=emailCampaign&utm_medium=email&utm_content=

5. London drives growth across the whole country. London made a net fiscal contribution to the rest of the country of £34 billion in 2013-14⁴; up from £11 billion during the economic recession in 2009-10. Businesses headquartered in London account for between 5 and 22 per cent of employment in each of the other 62 cities in the UK. If London maintains its historic growth rate, the GVA of the 14 other largest metro regions would be almost £1 trillion higher by 2030 than in 2013⁵.
6. The SR15 submission will therefore make the case that economic growth is not a zero-sum game; supporting London is vital for the UK.

The financial outlook for London local government

7. London local government has received a disproportionate cut to funding over the last two spending review periods (2011-12 to 2015-16), with core funding to London Boroughs reducing by 44 per cent in real terms, compared with a 10 per cent reduction in overall departmental spending, and just 2 per cent in total public spending (see Chart 1 below).

Chart 1 – Real terms changes (%) to public spending – 2010-11 to 2019-20



8. Government funding for the sector is likely continue to reduce beyond 2015-16 at a similar rate to that experienced since 2010-11. The continued ring-fencing of the NHS, Schools and International Development budgets, and the Government's aim to run a budget surplus by 2018-19, mean reductions to local government funding are likely to be steeper than previously expected in 2016-17 and 2017-18. Latest estimates suggest a further reduction in

⁴ City of London Corporation, "London's Finance And Revenues" 2014
<https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Pages/London's-Finances-and-Revenues.aspx>

⁵ Centre for Cities (2014), Cities Outlook 2014, pp.20-21

core funding from central government of 24 per cent real terms reduction by 2019-20, meaning it would have fallen by almost 60 per cent over the decade to 2019-20.

9. The latest analysis indicates a potential funding gap in London of up to £2.4 billion (23 per cent) by the end of the period 2015-16 to 2019-20, based on relatively optimistic assumptions about income that relates to council tax increases, business rates growth and local government sharing in the Government's estimated uplift in public spending in 2019-20. Over this period, if the principal statutory responsibilities of local government – namely, social care, public health and waste – were fully funded, they could account for 75 per cent of all local government revenue expenditure (£5.3bn) in London. If this were to happen, spending on non-protected services could be squeezed by as much as 44 per cent by 2019-20.

Rapid growth in demand for services

10. Around three quarters of the estimated funding gap is due to rising demand for services caused largely by the impact of demographic change and London's rapidly growing population.
11. The latest projections estimate London's population will rise from 8.6 million in 2015 to 9.1 million by 2020 (an increase of 6.4 per cent). This is more than twice the anticipated rate of increase for the rest of England (3.1 per cent) over the same period. London's growth will account for 28 per cent of all population growth in England over that period.
12. Table 1 below shows there is a similar trend in most of the demographic cohorts that will drive demand for key local government services. It shows above average growth in every category compared with the rest of England. London's larger proportionate working age population means that growth in adults aged 18-64 will have a particularly disproportionate impact in London.

Table 1 – Percentage change 2015-2020: London v England – key demographics

	Estimated % growth 2015 to 2020			London's % share of England growth between 2015 and 2020
	LONDON	REST OF England	ENGLAND	
Total population	6.4%	3.1%	3.6%	28.0%
0-18 population	7.7%	4.4%	4.5%	28.3%
18-64 population	5.3%	0.7%	1.5%	60.5%
18-64 popn with learning disability	5.3%	1.4%	1.5%	60.9%
18-64 popn with physical disability	8.0%	3.7%	3.7%	32.9%
18-64 popn with mental health condition	5.2%	1.4%	1.5%	61.1%
65+ population	9.6%	9.5%	9.6%	10.2%

Sources: Office for National Statistics - Sub-national Population Projections; Institute of Public Care/Oxford Brookes University – Projecting Adult Needs and Service Information (PANSI) figures

13. As local services face an overall increase in demand, they are also being accessed by local populations with increasingly complex needs. London continues to be the most ethnically diverse region in the country with more than a third of residents born outside the UK, and the highest proportion of households where English is not the first language (26 per cent). Its population is also more transient and mobile than the rest of England, meaning boroughs are serving populations with increasingly complex needs.

14. London's economy, funding and levels of service demand are therefore different from the rest of the country. As a consequence, the SR15 submission will necessarily emphasise:

- the need for specific and different funding formulae for London;
- the need for different types of public service reform rules to handle London's unparalleled population growth; and
- the need for different types of self-funding mechanisms for London.

The impact of funding reductions and growing demand on services

15. London's unique circumstances mean that pressure on services manifests itself differently compared with other areas. The biggest pressures are summarised below, with some of the key proposals London Councils will put to Government in SR15. More detailed proposals will be developed over the summer for the final submission.

Adult Social Care & Public Health

16. London is expecting to see a cost pressure of over £1 billion in adult social care between 2016-17 and 2019-20. The disproportionate impact of the Care Act 2014 in London will account for 70 per cent of this pressure, driven by new responsibilities, demographic change,

and higher costs of care. While boroughs have found ways of protecting social care to some degree up to now, the room to do this is diminishing rapidly given the scale of overall cuts and there is growing evidence that the limits of what is possible, in terms of productivity and efficiencies, have largely been reached.

17. Integration of health and social care will be an important goal during the next Parliament.

However, the NHS in London is facing £6.4 billion cost pressures by 2020. So, while integration will have to drive more efficient use of funding overall, it will not be a simple panacea. Wider reform of health and care will also be needed. The foundations for this are in place with local experience of refocussing public health functions that transferred to boroughs in 2013, the Better Care Fund, and a broad roadmap for the future of services set out in the London Health Commission report published last October.

18. The submission will ask Government to:

- transparently address the funding needs of adult social care in its own right so that while integration with health is driven forward, the funding pressures across both systems are properly addressed. This will need to include:
 - reflecting demographic and inflationary pressures, and the overall capacity of the care market;
 - fully funding the costs of implementing the Care Act;
 - reflecting the social care costs of NHS operational resilience issues – funding has been provided to boroughs in previous years but was cut last year until the challenges in the system required a £37 million injection in January;
 - fully funding the additional costs of Deprivation of Liberty Safeguards in the light of recent court judgements (estimated to have cost £10 million in London);
- double the scope of the Better Care Fund (BCF) from £3.8 billion in 2015-16 to £7.6 billion in 2016-17; and
- agree devolution of powers and funding where that supports the integration and reform of health and social care in London.

19. A key part of health and care reform will be to improve outcomes and reduce future service pressures by shifting the balance from treatment to prevention of ill health. Local authorities' role in public health will be critical to this, together with a rebalancing of NHS activity.

20. London has a unique set of public health pressures because of its complex demography. Public health allocations are still significantly affected by the past NHS prioritisation decisions resulting in a wide range of per head allocations. They also do not reflect need for mandated

services, such as sexual health, expenditure which is proportionately higher in London (35 per cent compared with just 27 per cent across England in 2014-15).

21. There is a clear inconsistency in the Government's treatment of the wider NHS budget and the local government public health budget, despite the latter being used to commission NHS providers and services. The submission will ask Government to:
 - reverse its in-year 2015-16 cut of £200 million when setting baselines for 2016-17; and
 - ensure funding of the 0-5 year olds public health functions transferring to local government in October 2015 reflects need.
22. Further work will be undertaken over the summer to explore the case for devolution of power or resources to help prevention, and improve health outcomes and inequalities. Officers will also explore the wider case for levels of public health funding overall and allocation changes to reflect London's particular circumstances.

Children's services

23. Despite increasing capacity in recent years, the continued growth in pupil numbers means London will need 133,000 school places to be created by 2018. The shortfall in secondary school places in particular will become an increasing pressure over this Parliament. The submission will call for changes to the Basic Need Grant allocations for London, where analysis shows a considerable shortfall in funding per pupil.
24. Beyond the basic provision of school places, the complexity of London's population again has a big impact on schools funding. The larger demand for SEN places in London puts additional strain on schools budgets with per pupil places costing £70,000 but no additional funding in the Basic Need Formula to recognise this. The submission will call for:
 - locally rather than nationally determined schools funding formulae to reflect London's greater pupil mobility, deprivation and complexity of need;
 - the higher cost of creating SEN places in London to be reflected in Basic Need allocations; and
 - the area cost adjustment to be amended to reflect the additional costs in London.
25. The Government's new proposals to extend free childcare for 3 to 4 year olds will increase existing pressure on delivery and capacity. Evidence suggests that child care costs are 28 per cent higher in London than the rest of the country. The submission will call for:
 - an increase in funding needed for more early years school places; and
 - the application of an area cost adjustment.

Housing & planning

26. The capital now needs a minimum of 49,000 additional homes per year to clear the existing backlog of housing and meet future population growth. London Councils' research suggests that 526,000 new homes will need to be built in London just to keep up with new housing demand between 2011 and 2021. The submission will ask government to address this chronic shortfall as a matter of urgency with a number of detailed asks. New asks will include:
- greater flexibility to trade headroom within the HRA cap;
 - commitment to funding for land assembly and another round of Housing Zone funding; and
 - sufficient financial support for temporary accommodation in London, to cover rental and management costs in a pressured market.
27. In relation to the existing Right to Buy scheme, the submission will ask for:
- full retention and flexible use of RtB receipts; and
 - the removal of constraints around the reinvestment of receipts.
28. The proposed expansion of the Right to Buy scheme to housing association tenants, and the selling off of high value social housing stock, will exacerbate the housing shortage and disproportionately impact on London (which has 24 per cent of the national council housing stock). Further work will be undertaken over the summer to assess the impact of these policy changes and minimise the adverse effect on London
29. Further work will be done to develop detailed asks building on the four principles agreed by London Councils' Executive that:
- the policy should result in an increase in overall housing supply;
 - it should result in an increase in overall affordable housing supply;
 - it should not result in a diminution of the social mix of London; and
 - there should be no outflow of housing funds from London.

Infrastructure & transport

30. Population growth is placing greater demand on London's physical infrastructure and transport systems. The GLA estimates that infrastructure costs in London will double in real terms over the next ten years in comparison to the period 2011-2015, creating an average funding gap of £4.5 billion per year⁶.

⁶ London Infrastructure Plan 2050:

https://www.london.gov.uk/sites/default/files/LIP%202050%20update%20report%20March%202015_0.pdf

31. The road maintenance budget for councils is inadequate. Funding for London's highway authorities does not fully recognise its population and the fact that on average roads are 40 per cent more densely trafficked than in other UK conurbations. Resultant congestion not only causes disproportionate damage to the capital's road network, but has a negative impact on the economy and environment. The submission will ask Government to:
- take account of these factors when allocating road maintenance funds to London; and
 - reclassify some TfL grants as capital rather than revenue, to enable TfL to pass capital funding onto boroughs.
32. On rail infrastructure, the submission will seek Government support for Crossrail 2 and to commit to identifying ways to secure funding from the communities north and south of the line outside of London who are intended to benefit but at present will not contribute.

Employment & skills

33. London has persistently high rates of long term unemployment, particularly caused by poor physical and mental health. Entrenched unemployment and low skills is creating an economic drag. The 430,000 working age people already unemployed cost the tax payer £4bn and the economy approximately £6bn in lost economic output a year. The anticipated growth in its working age population will increase demand for employment and skills services. The submission will ask for devolution of responsibility and resources for:
- commissioning the delivery of employment support for the long-term unemployed;
 - specialist employment support for those with complex dependencies;
 - vocational skills budgets;
 - re-commissioning of the FE sector; and
 - the Small Business Service.

No Recourse to Public Funds

34. The increasing cost and number of people with No Recourse to Public Funds is an example of pressure that is almost entirely a London issue. Item 8 on the agenda explains this in more detail but the cost to London boroughs is likely to be far in excess of £50 million a year⁷. London local government is providing a hidden welfare state and is not currently funded for this growing pressure. The submission will ask for this burden to be recognised by Government when taking funding decisions at SR15.

⁷ The £25m spent by roughly half (17) boroughs identified through the NRPF Connect database is itself likely to underestimate the cost of staff time and overheads

35. These London-specific issues show how the need for local services in the capital is different, and because London is different, some areas of funding are especially perverse and do not deliver what is intended by government. What is needed are a set of reforms that fit the London situation.

The long term solutions: London-specific reforms

36. The Spending Review represents a watershed moment for this Government to change how public services are delivered locally, and thereby redefine the relationship between the citizen and the state. London Councils' submission will propose three broad themes that offer solutions to the problems outlined above:

- public service reform;
- changes to the finance system; and
- fiscal devolution.

A. Public service reform

37. London Councils and the GLA have been working on propositions around devolution and public service reform. These propositions seek to deliver public service reform to help combat issues of complex need and dependency across London's public services. Leaders will be familiar with these issues from a series of linked reports over the last year.
38. The SR submission will outline each of these asks in more detail, but there are 6 key themes which Leaders will already be familiar with:
- Employment & Complex Dependency
 - Skills
 - Business Support
 - Crime & Justice
 - Health
 - Housing
39. By finding a more intelligent way to manage public services and to change the balance of spend away from interventions that seek to mitigate failure and, instead, focus on prevention as well as the development of sustainable interventions and funding models that support growth and reduce demand.

B. Local government finance reform

40. The current system of local government finance is not fit for purpose. London Councils has repeatedly made this case to Government in recent submissions. The Spending Review represents an opportune moment for Government to make a number of immediate technical reforms to improve the local government finance system. These include:

- More stable and long-term local government finance settlements – such as, rolling local government finance settlements that provide allocations over a three or four year period. Longer term funding allocations would provide certainty in medium term planning and give boroughs the security to fund local public services in a more holistic way – with greater certainty over income streams potentially allowing greater vision and ambition to engage in innovative schemes across the public sector.
- Greater transparency in funding allocations – this would include agreeing a fixed definition of spending power with the sector; publishing a clear and transparent breakdown of where funding comes from (i.e. any departmental Resource DEL from which local government is funded); clarifying how the central share of business rates comes back to local government and what the Government intends to do with surplus business rates in future years; and earlier publication of the local government finance settlement.
- Business rates reform – this would include extending the 100 per cent growth retention pilots to all local authorities; delivering a more equitable share of financial risk between central and local government, with particular regard to the appeals system; fully funding the safety net and allow it to go into surplus or deficit each year rather than continually top-slicing RSG; clarifying how the 2017 revaluation will work as soon as possible; simplifying the system of reliefs and reforming charitable and empty property reliefs.
- Council tax reform – this would include exploration of how revaluation of council tax would work in practice and ending the restrictive policies of council tax referenda and capping through freeze grants.
- Review the current method for applying the funding reductions – specifically, a more transparent and predictable approach should be adopted in applying funding reductions to Revenue Support Grant. Current protections for rolled-in grants mean that cuts are being disproportionately applied to areas of highest need.

C. Fiscal devolution

41. Short-term reforms to the finance system will not square the circle of fewer resources, growing demand and the need for economic growth. Only devolution of responsibilities and resources to functional economic and geographic regions can solve these issues over the longer term.
42. With devolved nations gaining greater control and freedom over their own taxes, the question of English fiscal devolution will grow during this Parliament. The submission will ask government to explore further devolution of suitable taxes to local areas in England that can demonstrate they can use them more efficiently.
43. The submission will build on the London Finance Commission's call for the full suite of property taxes to be devolved to London Government with updated estimates of what this means in practice for London government. The most obvious starting point is business rates: specifically, a fully localised system of business rates where London government retained 100 per cent of business rates collected (not just growth). This would include the freedom for local authorities to adjust the tax rate, create new reliefs and discounts, and alter the suite of existing mandatory reliefs (worth almost £700 million in 2013-14) to meet the needs of their specific local economies and incentivise certain types of business to their area.
44. In addition, the submission will call for a long term devolved capital settlement for London and to explore new mechanisms for funding investment in infrastructure and housing.

Recommendations

45. Leaders are asked to note the report and to offer guidance and comment on both the proposed shape of the overall submission and the specific issues that it covers.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Leaders' Committee

Moving Forward on Health and Care Reform

Item no: 6

Report by: Sarah Sturrock **Job title:** Strategic Lead, Health and Adult Services
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Summary

This paper considers three areas of focus for significant progress on health and care reform during 2015/16 that form part of the preparation needed to be ready for more ambitious care reform requiring devolution. The Executive supported these proposals in their recent meeting and Leaders Committee is now asked to commit to progress on them across London.

Recommendations

The Leaders Committee is asked to discuss how progress can be made within existing powers to move forward on health and care reform within 2015/16 and, in particular, to:

- 1. agree that all London's Health and Wellbeing Boards should be strengthened as system leaders for locally driven health and care reform during 2015/16 and that London Councils' should refresh the stocktake of London Boards at the end of the year;**
- 2. agree to establish effective sub-regional arrangements between boroughs and the NHS in London during 2015/16 and note that a project that the Capital Ambition Board has agreed in principle to fund should be developed to support this;**
- 3. commit to working with local partners to secure a significant further step change in integration to deliver on London Councils core principles for the Better Care Fund in 2016/17; and**
- 4. that progress around the capital on each of these goals for the current financial year should be reported back to Leaders' Committee regularly.**

MOVING FORWARD ON HEALTH AND CARE REFORM

Background

1. London Councils' Executive and Leaders Committee have agreed clear ambitions for local government in London to play a positive and significant role in health and care reform. This includes exploring the role of devolution as a way of unlocking reform. Further discussion on potential devolution opportunities is continuing, including with the Mayor through the Congress following discussions at the London Health Board, and at the end of this month through a joint meeting with the Mayor and Simon Stevens.
2. However, visible progress on health and care reform will need to be made within the current financial year – and so within existing powers – if London is to be ready for more significant reform. The need to improve outcomes and drive greater efficiency in the light of the impact of austerity on the NHS and local government makes such progress imperative. Achieving this will also strengthen the case for any devolution proposals we choose to pursue.
3. This paper therefore considers three key areas in which significant progress could be sought within 2015/16:
 - strengthening Health and Wellbeing Boards;
 - establishing sub-regional working; and
 - driving integration.
4. The Executive discussed a similar paper at their last meeting and supported collective ambitions to make significant progress in these three areas this year. Leaders' Committee is invited to endorse collective aspirations around each of these, and to make progress locally on these, considering what roles London Councils can play to support this.
5. Much of London local government's ability to influence the London health economy as a whole depends on work carried out at the borough level. The progress of each borough will therefore have an impact on the prospects of all other boroughs. It will be important that Leaders are kept abreast of progress around the capital and it is proposed that progress against these three goals for the current financial year be reported back regularly.

Strengthening Health & Wellbeing Boards

6. Shared Intelligence carried out research¹ for London Councils, published in March, setting out a clear picture of the state of London's Health and Wellbeing Boards. It demonstrates that there is strong commitment to the Boards and they have already made a range of important contributions to driving health and care outcomes and service improvements locally. However, it also identified that no London Boards are yet fully operating in the system leadership role to which they aspire. Further Shared Intelligence work for the LGA has confirmed that the picture in London is similar to that across England.
7. Discussions in the London Health & Wellbeing Board Chairs Network recently confirmed shared ambitions to further strengthen the effectiveness and powers of Boards. Much progress on this will depend on local commitment and action. However, the strength of London local government's argument for further reform will be significantly affected by the extent to which local action delivers progress across all parts of London. Action during 2015/16 will be a powerful signal of commitment and readiness to take on any devolved powers. We propose to refresh the stocktake of London's Boards around the end of this year, to be able to reflect the progress that has been made locally.
8. There are a range of things available to support local action to strengthen Boards, including a programme of LGA leadership and peer support, underpinned by funding from the Department of Health. Some London Boards have already accessed this and found it useful. London Councils will facilitate increased access to this support, including shaping lighter touch facilitated peer support for those who are not ready for or cannot resource full peer reviews. We will also continue to support the Chairs network and an officer leads network to support local efforts to increase the impact of Boards, as well as making the case for increasing Boards roles and influence in health and care reform.
9. In considering how they should strengthen themselves, Boards will also need to consider whether there is in place suitably robust wider infrastructure locally to drive more significant and effective collaboration on improving outcomes and system change eg joint/aligned commissioning arrangements, use of appropriate s75 agreements, etc.

¹ <http://www.londoncouncils.gov.uk/our-key-themes/health-and-adult-services/health/health-and-wellbeing-boards/conquering-twin-peaks>

10. **The Leaders' Committee is asked to agree that all London's Health and Wellbeing Boards should be strengthened as system leaders for locally driven health and care reform during 2015/16 and that London Councils' should refresh the stocktake of London Boards at the end of the year.**

Developing sub-regional working

11. The Executive and Leaders' Committee discussions about health and care reform and devolution have all acknowledged that this will need to be delivered through working at different spatial levels. While local government will always want to reinforce a principle of subsidiarity, with responsibilities and action devolved to the lowest possible level, we have acknowledged that some reform will need to be driven by working at local health economy and sub-regional levels. Sub-regional geographies for health are likely to be different in many cases to those that are emerging around other devolution ambitions eg skills and employment.
12. CCGs are already strengthening their sub-regional arrangements, both as a means of securing delegation of responsibilities from national or regional levels within the NHS and to seek to address systems resilience issues for hospitals. These arrangements will further strengthen and solidify during this year.
13. Some boroughs are finding ways of engaging with these sub-regional arrangements – through officers or Members. However, the pattern is very mixed. The two main challenges are for boroughs to find ways of organising themselves together for effective sub-regional working and to persuade CCGs and NHS England to open up their sub-regional arrangements to creating real partnerships with boroughs.
14. For local authorities to be effective partners in health and care reform, it is vital that we make real progress on establishing sub-regional joint working with the NHS in London during 2015/16. The arrangements developed need to provide credible foundations for taking on devolved responsibilities, including potentially greater responsibility over budgets, estates, transformation planning, etc.
15. Work on developing boroughs' aspirations for and approaches to sub-regional working will need to be owned and driven locally. However, there is a need to have some overall coherence in the approach, to enable real progress to support

devolution negotiations. London Councils will therefore develop some work with chief executives to facilitate and accelerate the development of sub-regional health working across London. This will draw out emerging models and work with sub-regional groupings to clarify functions, delivery mechanisms, governance arrangements and links with local and London level arrangements.

16. In the February meeting of the Leaders' Committee it was proposed that the Capital Ambition programme might provide a source of funding to unlock local partnerships [for health and care reform]. At its meeting on 25 June, the Capital Ambition Board agreed in principle to use up to £250,000 to support the development of sub-regional working arrangements for health with strong borough engagement, subject to approval of a detailed business case. The Board was clear that it would want this work to be ambitious – focused on accelerating progress towards sub-regional arrangements that would drive real change. The business case will be developed with a view to starting work by the early autumn.

17. The Leaders' Committee is asked to agree to establish effective sub-regional arrangements between boroughs and the NHS in London during 2015/16 and note that a project that the Capital Ambition Board has agreed in principle to fund, will be developed to support this.

Driving integration

18. While integration is not the solution to all the challenges facing health and care, it is a critical contributor to improving service quality and personalisation, as well as aligning spend to improve overall efficiency. Across London there has been real progress on integration and the capital has a good range of examples of best practice and innovation. But there is still considerably more to do to deliver full integration. Making visible progress on this in the year ahead is a further way of strengthening health and care collaboration and demonstrating London's commitment to reform.

19. The Better Care Fund has been a powerful catalyst for local collaboration between boroughs and CCGs to increase the scale and pace of integration and has created an important role for Health and Wellbeing Boards that supports their development as forums for system leadership. Despite many frustrations about its surrounding bureaucracy, this approach – of joint planning, pooling budgets

and aligned or joint commissioning – is clearly the way forward. Boroughs and their partners are now focussing on delivering their 2015/16 Better Care Fund Plans. Successful management of this, in the face of growing challenges in the system, will be a significant contribution to demonstrating progress on health transformation and reform.

20. However, the single year plans are not sufficient in themselves. If London wants to demonstrate its commitment to real progress on reform, building on these in ambitious ways over the next few years will be important.
21. In the light of the government's manifesto commitment to continue integrating health and care through the Better Care Fund, the Executive agreed London Councils should called on the government to clarify soon their plans for the evolution of the Better Care Fund in 2016/17. Waiting until the conclusion of the Comprehensive Spending Review in the late autumn for government guidance on how the BCF should develop in 2016/17 would seriously curtail the time for local shaping of joint ambitions for furthering integration in that year – and would particularly impede the development of Health & Wellbeing Boards' role in this.
22. London Councils has also set out the core design principles² that the government should adopt to ensure that 2016/17 sees a significant further step forward in integration, while allowing flexibility for partners to shape their local plans to reflect their circumstances and priorities. These principles are:
 - a. extending scope to different population or service groups, beyond the current focus in most plans on frail elderly people;
 - b. making prevention and early intervention a mandatory component of BCF – and, in recognition that prevention cannot always fully cover its costs within a year, calling for some NHS England national transformation funding to be included in the pooled budgets;
 - c. doubling the minimum amount to be pooled in the BCF 2015/16 from £3.8 billion to £7.6 billion (although individual areas can, of course, choose to go further). As well as this involving boroughs and CCGs incorporating

² <http://www.londoncouncils.gov.uk/node/26600>

more of their budgets into the pool – making the BCF an even more important part of mainstream planning and delivery, we argue for the inclusion of some NHS England funding for specialised commissioning and transformation;

- d. building links between planning at different geographical levels by including funding for operational resilience that is currently planned sub-regionally in the local BCF pool;
- e. ending the nationally mandated payment for performance approach and replacing it with locally negotiated risk-share deals;
- f. strengthening alignment of commissioner and provider plans;
- g. reducing bureaucracy and monitoring intelligently;
- h. requiring local areas to submit a roadmap of how they will move towards full integration of health and care by 2019/20 – to embed further the local leadership and shaping of integration and reduce the scope for future top-down imposed solutions.

23. London Councils will continue to seek to influence government for early clarification of goals and timelines for 2016/17 Better Care Fund planning. However, local authorities and their partners, through Health and Wellbeing Boards, can already be shaping up their local ambitions – and the more robust these are, the stronger the case for locally-led solutions will be.

24. The Leaders' Committee is asked to commit to working with local partners to secure a significant further step change in integration to deliver on London Councils core principles for the Better Care Fund in 2016/17.

Conclusion

25. The Leaders Committee is asked to discuss how progress can be made within existing powers to move forward on health and care reform within 2015/16 and, in particular, to:

- a. **agree that all London's Health and Wellbeing Boards should be strengthened as system leaders for locally driven health and care reform during 2015/16 and that London Councils' should refresh the stocktake of London Boards at the end of the year;**
- b. **agree to establish effective sub-regional arrangements between boroughs and the NHS in London during 2015/16 and note that a project that the Capital Ambition Board has agreed in principle to fund should be developed to support this;**
- c. **commit to working with local partners to secure a significant further step change in integration to deliver on London Councils core principles for the Better Care Fund in 2016/17; and**
- d. **that progress around the capital on each of these goals for the current financial year should be reported back to Leaders' Committee regularly.**

IMPLICATIONS FOR LONDON COUNCILS

Financial Implications for London Councils

The Capital Ambition Board has agreed in principle to fund up to £250,000 to support the development of sub-regional working arrangements of health, subject to the development and approval of a detailed business case.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Leaders' Committee

London CIV: Progress report and proposed next steps towards a London LGPS CIV

Item no: 7

Report by: Hugh Grover **Job title:** Chief Executive
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Date: 14 July 2015

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Summary

1. Leaders' Committee last received an update on progress towards the establishment of a collective investment vehicle (CIV) at its meeting of 15 July 2014. Since then detailed work has continued to establish the CIV as a vehicle for London local government to use as a route to greater collaboration and efficiency in the investment of their pension funds.
2. This report provides an update on that detailed work highlighting a number of significant milestones that have been achieved and setting out current plans to take the CIV to launch and beyond.

Recommendations Leaders' Committee is asked to:

- i) Note the progress update and next steps provided in this report.
-

London CIV: Progress report and proposed next steps towards a London LGPS CIV

Background

1. The question of whether and if so how the Local Government Pension Schemes (LGPS) across London might work more closely together has been the subject of a number of reports to London Councils' Leaders' Committee and Executive since March 2012 (see 'Background Papers' below for a complete list of all reports). To provide leadership and direction to this consideration, Leaders' Committee resolved to establish a Pensions Working Group (PWG) constituted of the then three London Councils' Party Group Leaders (Mayor Jules Pipe and Cllrs. Teresa O'Neill and Ruth Dombey) and three representatives from the Society of London Treasurers, supported by the then Director of Fair Funding, Performance & Procurement.
2. In response to a Pensions Working Group (PWG) update to its December 2013 meeting, Leaders' Committee resolved that London Councils should establish a designated fund with contributions from those boroughs interested in further exploration of proposals for the establishment of a London LGPS Collective Investment Vehicle (CIV) and that the funds collected should be used to pay for the professional costs associated with that exploration.
3. At its February 2014 meeting, Leaders' Committee considered a report from the PWG, which presented a more detailed business case and proposals in respect of establishing a CIV with the underlying structure of a UK Authorised Contractual Scheme (ACS).
4. Leaders' Committee agreed the recommendations of the PWG, and resolved to endorse and recommend to each local authority which decides to participate that, in addition to matters connected to the establishment of an ACS operating Company, a representative body, in the form of a new Sectoral Joint Committee (the "Pensions CIV Joint Committee" (PCJC)), be established (pursuant to the existing London Councils Governing Agreement, dated 13 December 2001 (as amended)).
5. Since those meetings, 30 London local authorities have become active participants in the CIV programme and have each contributed £50,000 to the designated fund. Three boroughs have decided not to participate at this time.
6. The fund is being used to commission specialist expert professional advice associated with the development of the CIV. At this point £470,000 of the fund has been committed

to cover the costs of expert advisors (Eversheds, Deloitte, Northern Trust (on a short contract leading to the February 2014 report to Leaders' Committee), and Mercer), and the engagement of a Programme Manager on a fixed-term contract.

7. The CIV has made considerable progress in recent months including the incorporation of London LGPS CIV Limited (which is the ACS operating Company), engaging Northern Trust as the Asset Servicer (covering depositary, fund administration and custody), and submission of the regulatory application for Company authorisation to the Financial Conduct Authority (FCA) on 26 June 2015. More detail on each of these is given below.
8. The CIV project has continued to receive significant support and input from the Technical Sub-Group (TSG) formed of representative borough pensions experts and Chaired by Mr Chris Buss (Finance Director LB Wandsworth and one of the current directors of the CIV operating Company.)

London LGPS CIV Ltd.

9. The July 2014 report to Leaders' Committee noted that the incorporation of the operating Company was in progress. Actual incorporation of London LGPS CIV Limited (trading as London CIV) happened on 17 July 2014. In line with recommendations made to the February 2014 meeting of Leaders' Committee the Company was incorporated with interim directors, namely Mayor Pipe, Cllrs. O'Neill and Dombey (as member representatives), Mr Chris Buss, Mr Ian Williams and Mr Peter Kane (as Treasurer representatives) and Mr John O'Brien (Chief Executive of London Councils).
10. The Company Board has met five times since then to consider and give guidance on a range of issues including:
 - The programme plan and risk register;
 - Procurement of the Asset Servicer and eventual appointment of Northern Trust to the role;
 - Recruitment of permanent Board members;
 - Governance structures; and
 - Progress around structuring the fund for launch.
11. Following a recruitment process involving the Board and an interview panel consisting of Mayor Jules Pipe, and Cllrs. Teresa O'Neill and Ruth Dombey Hugh Grover was appointed as interim Chief Executive of London CIV for a period of 18 months starting

from 1 May 2015. This appointment being subject to the FCA granting *Approved Person* status.

Pensions CIV Sectoral Joint Committee

12. In accordance with the recommendations of the February 2014 report to Leaders' Committee and the subsequent resolutions of the participating boroughs, a new representative body has been established, in the form of a Sectoral Joint Committee (the "Pensions CIV Joint Committee" (PCJC)), pursuant to the existing London Councils Governing Agreement, dated 13 December 2001 (as amended). That committee met for the first time on 17 December 2014 and resolved that Mr Mark Boleat (City of London Corporation) would be the Chair.
13. Members of the PCJC have been nominated by their respective boroughs and have been delegated authority to act and take decisions on behalf of their borough, both as members of the Joint Committee when considering 'day-to-day' issues concerning the borough as a potential investor in the CIV, and as shareholder representatives exercising the powers given to shareholders in the Articles of Association.
14. Since its inaugural meeting the committee has convened three further times to consider and give guidance on issues including:
 - Stewardship and voting through the CIV;
 - Governance and structures;
 - Articles of Association and Shareholders Agreement; and
 - Progress around structuring the fund for launch.
15. The committee has also received briefings on the role of the Asset Servicer and the responsibilities of a member acting as a shareholder.

Structuring the fund

16. Under the ACS structure, the ACS Fund is seen as separate from the Operator and is separately authorised by the FCA.
17. The structure of the Fund for launch has been the subject of detailed discussion by the TSG and has involved engagement with a number of participating boroughs and with third-party Fund Managers. Although there remain a few points to finalise, the structure is now crystallising. The strategy for structuring the fund has focussed on analysis of data covering which Fund Managers (FM) boroughs are currently invested through, to

look for commonality of mandates (i.e. more than one borough invested with the same FM in a largely similar mandate), and to discuss with boroughs and FMs which mandates would be most appropriate to transition to the ACS Fund for launch.

18. Each mandate would become a separate, ring-fenced, sub-fund within the overall ACS Fund with each sub-fund being managed by one FM. Boroughs will be able to move into a sub-fund without the need for procurement (under the Teckal exemption) and from one sub-fund to another relatively easily, but ring-fencing will prevent cross contamination between sub-funds.

19. The launch strategy has led to final negotiations with four separate FMs who between them will manage between 9 and 15 sub funds (subject to final agreement on the construction of passive equities for the CIV.) In terms of the nature of the sub-funds at launch the following is anticipated:

- Manager 1: 3 to 6 Passive Equity sub funds.
- Manager 2: 3 to 6 Passive Equity sub funds.
- Manager 3: 1 Active Global Equity sub fund.
1 Diversified Growth sub fund.
- Manager 4: 1 Active Global Equity sub fund.

20. Depending on decisions to be taken by the boroughs in the autumn about transitioning from their current mandates into mandates on the Fund, this mix of sub-funds would lead to more than £5bn of assets being under management in the CIV by the end of the launch phase.

21. Through aggregation of the borough's investments it is possible to generate significant fee savings of around £2.6 million per annum. It should be noted that these are savings on predominately passive investments, where it is recognised that there is less room for fee reductions, thereby demonstrating the scale that could be achieved once phase 2 (fund development) begins and the focus shifts more onto active and alternative style of investments. In basis point (bps) terms this equates to savings of circa 5 bps on Passive (50% reduction) and circa 8 bps on Active (20% reduction).

22. Under the leadership of the Society of London Treasurers a new officer committee is being formed, the Investment Advisory Committee (IAC). The IAC will provide borough oversight of the Fund and advice to the PCJC about how members might wish to ask the Operator to develop the Fund over time. Matters that it will consider will include Fund

performance, whether individual sub-funds are still required, and what new sub-funds and asset types might be desirable (e.g. infrastructure opportunities).

Articles of Association and Shareholders Agreement

23. The Company was incorporated with 'model' Articles of Association with minimal adjustment. It was accepted that further amendment would be needed to make them fully fit for purpose for the operator of an ACS. Additionally it is necessary to have a Shareholder Agreement formalising the relationships and responsibilities across the participating boroughs. Both documents are being drafted and will be put to the Company Board and the shareholders for adoption and signature.

Recruiting

24. As noted above, the Company Board has recruited an interim Chief Executive and recruitment of permanent Board members is underway covering:

- Non-executive Chair
- Non-executive directors x3
- Chief Operating Officer
- Investment Oversight Director

25. It is necessary to have these roles filled (along with the Head of Compliance role) before the FCA will give final authorisation to the Company.

26. When the permanent directors are in place the current interim directors will step down.

27. Oversight of the recruitment process has been given by both the interim Board and the PCJC.

FCA authorisation

28. The regulatory application for Company authorisation was submitted to the FCA on 26 June. Following meetings with the FCA ahead of submission it is known that the application will be given swift attention and it is hoped that authorisation will be given by the end of August/early September. This is dependent on successful recruitment of key staff and the necessary regulatory capital being in place (see below).

Benefits

29. The CIV will deliver significant benefits to the participating boroughs. Some are 'cashable' benefits that will increase efficiency and reduce costs, while others are 'softer'

benefits such as increased efficiency and quality, and the power of collectivisation and collaboration. The major benefits are set out in Annex A grouped into cashable and softer. Where it is possible to give an indication of the scale of the cashable benefits that has been done. However, it should be recognised that many relate to the final construction and on-going development of the fund, and vary according to decisions about investments that boroughs will be making later, and are therefore impossible to quantify with any degree of accuracy at this stage. In other words as the fund grows and boroughs make decisions to transition to the fund, the benefits will grow.

Regulatory capital

30. It is a regulatory requirement for a Company managing and operating an Authorised Contractual Scheme (ACS) fund to have a minimum level of 'regulatory' capital (RC) that is separately identifiable and readily available (liquid) to ensure the ongoing viability of a Company faced with an unforeseen event that might otherwise cause its insolvency and to cover the potential exposure of the Company to professional liability in respect of all its activities, including the management of funds under delegated mandates. Effectively it is a reserve designed to protect investors in the fund (not investors in the Company) by ensuring that the Company can continue trading if faced with an unplanned liability or event that might otherwise put it out of business. While it might be argued that the nature of the CIV and its relationship with its investors (who at the outset at least are all also owners of the Company) makes the need for such protection less necessary, there are no exceptions or exemptions under the regulations.
31. While there are some options around how the capital is raised by the Company, the current proposal is that each participating borough should contribute equal amounts in the form of share capital. It is permissible to invest regulatory capital to generate a return (and this would be the intention for the CIV) but it must be in near-cash assets (e.g. gilts).
32. The amount of regulatory capital required at any point in time is dictated by a formula (broadly driven by the quantum of assets under management) up to a maximum of €10 million. It is proposed that the boroughs each contribute share capital of £150,000 at the outset which will effectively over-capitalise the Company but is estimated to address the regulatory capital issue at least through the first three years of the fund development.
33. It should be noted that the injection of RC by the participating boroughs should be seen effectively as an investment and not expenditure, as it will remain as an asset of the

borough and will be invested by the Company in liquid assets which will generate a return.

Stakeholder engagement

34. Considerable effort has been put into engaging with the many different stakeholders with an interest in the project. This has included:

- Group Leaders meeting twice with the Local Government Minister, with another meeting in the planning stages;
- Regular updates and consultation with the Society of London Treasurers and pensions officers across the boroughs, including focussed briefing sessions allowing for more in-depth discussion and debate;
- Regular updates to the PCJC and individual borough briefings where they have been requested;
- Speaking at a range of conferences and seminars to explain the proposals to both the finance industry and local government;
- Media briefings; and
- Discussions with a broad range of Investment Managers and Investment Advisors.

35. Stakeholder engagement will continue to be a major focus for the project going forward.

Next steps

36. As noted above the regulatory application for Company authorisation has been submitted to the FCA and will be processed over the summer, ideally leading to authorisation in the early autumn. Other major steps over the next weeks and months include:

- Finalising the design of the Fund for launch, discussing the proposals with the participating boroughs and submitting an application for Fund authorisation;
- Designing the transition (on-boarding) process to move borough assets from their current mandates to sub-funds in the CIV Fund;
- Recruiting key staff and (where required) putting them through the FCA Approved Persons process;
- Designing the detailed day-to-day operating and compliance procedures; and

- Procuring remaining service providers such as tax consultants, legal advisors, and auditors (internal and external for the Fund and the Company).

37. The target is to have the Fund operational with assets under management in the autumn, but the complete launch phase is likely to take several weeks to work through.

Government position

38. Government Ministers have shown significant interest in the LGPS over the last two years and have been particularly keen to consider options for reform that might deliver cost savings and efficiencies.

39. On 2 May 2014, the Government released a consultation titled '*Local Government Pensions Scheme: Opportunities for collaboration, cost savings and efficiencies*', which drew on cost-benefit analysis of proposals for reform that had been commissioned from Hymans Robertson LLP. This consultation followed an earlier call for evidence on the future structure of the LGPS, which ran through the summer of 2013.

40. The package of proposals set out in consultation included:

- Establishing common investment vehicles to provide funds with a mechanism to access economies of scale, helping them to invest more efficiently in listed and alternative assets and to reduce investment costs;
- Significantly reducing investment fees and other costs of investment by using passive management for listed assets, since the aggregate fund performance has been shown to replicate the market;
- Keeping asset allocation with the local fund authorities, and making available more transparent and comparable data to help identify the true cost of investment and drive further efficiencies in the Scheme; and
- A proposal not to pursue fund mergers 'at this time'.

41. The Government posed a number of questions in the consultation based on those proposals

42. The consultation closed on 11 July 2014, and by agreement of Leaders' Committee, London Councils submitted a response on behalf of its members which in summary said:

- London Councils endorses the Government's decision not to pursue fund mergers at this time.

- London Councils believes that Collective Investment Vehicles (CIVs) can offer significant savings and the opportunity for improved investment returns through economies of scale and access to alternative investments.
- London Councils strongly endorses the proposal to keep asset allocation decisions with the local fund authorities.
- London Councils has no firm view on the number of CIVs that should be set up, but does believe that a single CIV for the entire LGPS would generate diseconomies of scale and potential disruption to the investment market.
- London Councils believes that an FCA regulated ACS is the most suitable form of CIV for the London boroughs, and proposes a governance structure that allows the boroughs strong oversight and control within the regulatory framework.
- London Councils believes that passive management should not be enforced at any level and that individual fund authorities should have the ability to use active management as part of their investment strategies. London Councils also believes that the London CIV could enhance governance and could act as a catalyst to deliver the benefits of active management for individual pension funds.

43. London Councils' officers have continued to engage closely with their counterparts in Government and, while no response to the consultation has been published by the Government and ultimate decisions are still to be made by Ministers, there has been no indication that the Government thinks the boroughs should stop their plans to establish a CIV. Indeed, the fact that the Government's consultation clearly shows that Ministers have developed their thinking away from LGPS fund mergers (although not to the point of abandoning the potential for mergers altogether), towards encouraging the development of CIVs, and that the Local Government Minister met with Mayor Jules Pipe and Cllr Teresa O'Neill following the consultation, could both be taken as positive signs of encouragement.

Recommendations

44. Leaders' Committee is asked to:

- i) Note the progress update and next steps provided in this report;

Legal implications

45. Leaders' Committee has considered legal issues relating to participation in a joint committee and establishment and FCA authorisation of a company to be an ACS Operator. Leaders' Committee has identified that these actions would be within the

powers of the London borough councils. It has also identified the need for each council that decides to participate in these arrangements to exercise its powers reasonably and to ensure that it has a decision to enter into the arrangements from a body with the authority to do so. Leaders' Committee needs to be satisfied that the London boroughs that have decided to contribute to the fund and to participate in the arrangements have taken valid decisions. This report explains how the London borough councils have developed a governance structure for joint working (through the establishment of the Pensions CIV Sectoral Joint Committee and appropriate terms in the Articles of the Company which will act as the ACS Operator) in compliance with all relevant legal obligations.

Financial implications

46. The 29 participating boroughs and the City of London have each contributed £50,000 (£25,000 in f/y 2013/14 & 2014/15) to a dedicated fund established in London Councils to pay for implementation costs associated with establishing the London CIV. A further £25,000 is due to be invoiced to each participant shortly, but decisions are being made as to whether this will be invoiced by London Councils or the Company. Of this total amount of £2,250,000 approximately £500,000 is projected to remain after implementation to cover the early operating costs of the Company.
47. The implementation budget was reviewed by the PCJC at its meeting of 17 December 2014, and expenditure has been incurred of £540,000 to 31 May 2015.

Equalities implications

48. There are no equalities implications for London Councils

Attachments

Annex A: Benefits

Background papers

13 March 2012, Leaders' Committee report:
<http://www.londoncouncils.gov.uk/node/20992>

13 November 2012, Leaders' Committee report:
<http://www.londoncouncils.gov.uk/node/21721>

11 December 2012, Leaders' Committee report:
<http://www.londoncouncils.gov.uk/node/21816>

14 May 2013, Leaders' Committee report:
<http://www.londoncouncils.gov.uk/node/22122>

19 September 2013, Executive report:
<http://www.londoncouncils.gov.uk/node/22314>

26 November 2013, Executive report:
<http://www.londoncouncils.gov.uk/node/22652>

10 December 2013, Leaders' Committee report
<http://www.londoncouncils.gov.uk/node/22666>

11 February 2014, Leaders' Committee report
<http://www.londoncouncils.gov.uk/node/22825>

11 March 2014, Leaders' Committee report
<http://www.londoncouncils.gov.uk/node/22913>

15 July 2014, Leaders' Committee report
<http://www.londoncouncils.gov.uk/node/23092>

Benefits

Cashable Benefits

Investment manager fee reductions

3. From discussions with fourteen investment managers who collectively manage over £14.5 billion of borough assets, or 50 per cent of the total, seven managers have so far agreed to reduce fees on average by 20 per cent. Across the 17 mandates that have been looked at in detail to date, this equates to a total saving of approximately £2.6 million per annum.
4. These savings vary considerably from manager to manager depending on the nature of the mandates and the quantum of assets under management. Accordingly they are not spread evenly across the boroughs. Further savings are expected once the remaining managers have submitted their fee saving estimates, and formal negotiations with managers have begun so it would be reasonable to expect some of the fees to drop further.

Tax benefits

5. The borough pension schemes are entitled to a number of beneficial withholding tax rates currently, which apply when they invest directly into equities on a segregated basis. These benefits should continue to apply when these investments are made via the CIV.
6. There are however additional tax benefits available when investing through the CIV (which will be an Authorised Contractual Scheme) which may apply. The tax benefits for each borough will vary significantly depending on their current investment profile. For example, if a borough currently invests into a Luxembourg or Irish corporate fund, they are likely to be suffering 60 basis points of US withholding tax cost which they would not suffer if they invested directly in the equities via the CIV. On a £100m investment into US equities, this could cost a borough £600,000 per annum. There are also certain markets, such as France, where the CIV is entitled to a 0% rate of withholding tax, whereas a pension scheme would suffer 15% investing directly.
7. The below table summarises the potential tax costs, in basis point terms, of investing through different fund types, assuming a 2% dividend yield from the investment. This table is focussed on equities. Typically withholding tax is not suffered when investing into bonds. The position for different fund types can be complex and subject to change, however the below should provide a good indication of potential withholding tax savings compared to existing structures.

	LGPS direct investment	UK Life Company	UK OEIC	Irish ICVC	CIV
US equities	0 bps	0 bps	30 bps	60 bps	0 bps
European ex UK equities	14 bps	14 bps	18 bps	18 bps	6 bps
UK equities	0 bps	0 bps	0 bps	0 bps	0 bps

8. There are also tax efficiencies for the CIV regarding stamp taxes. For example, if UK equities are transferred into the CIV there should not be SDRT on transition. Similarly, a seeding relief has been proposed which would allow tax efficient contribution of UK real estate assets in the future.

Procurement Savings (time and cost)

9. Opinion from Counsel has clearly stated that participating boroughs will not need to go through procurement to invest through the CIV; there is a specific exemption in the public procurement regulations.
10. Analysis of data over the three years 2010 to 2013 shows that there were 99 mandate changes made by borough pension funds. On the assumption that generally a mandate change incurs procurement related costs of around £50,000 (or £4.9 million over the three year period) there is scope for significant savings over time as more investments are made directly into the CIV and less are procured by individual boroughs.
11. Based on a broad assumption about the number of procurements that will not be needed over time, it might be assumed that in the first 18 months the number could reduce by up to eleven. This would reduce the overall cost of procurement in this area from £1.6 million to £1.1 million, collectively saving the boroughs £500,000. On top of which there would also be a reduction in time (less time spent on procurement processes) and labour for the boroughs.
12. Additionally, the benefit in terms of speed to investment should not be underestimated. In other words, if a borough decides it wishes to invest into a particular asset class or type and that product is available through the CIV the borough will be able to invest into it immediately rather than going through the delay of lengthy procurement processes.
13. Beyond the savings in time and money set out above it is likely that the CIV will provide a platform for joint procurement and negotiation of other types of contracts, which again would save the boroughs money in terms of procurement processing costs and deliver cheaper prices based on scale.

Transition costs reduced

14. Transition costs are incurred as boroughs move from one investment mandate/manager to another. Although impossible to quantify at this point, these costs will be reduced through the CIV.
15. Primarily the benefit lies in the reduction of 'value leakage' as assets move from one place of ownership to another, the CIV will reduce this leakage in a number of ways:
 - The ability of boroughs to move across different funds on the CIV, often through in-specie movements with no or minimal transition costs;
 - Reduced cost of entering and exiting sub-funds and control of dilution levies and fees.
 - The use of a retained transition manager(s) on competitively negotiated fees based on the CIVs scale of assets;
 - Better oversight and management of transitions to ensure that they are efficient and optimised, minimising leakage as assets are sold and purchased;

Manager churn reduction

16. The CIV will strive to become a centre for excellence, whereby the best managers are on the platform, providing the boroughs with the choice of the best performance available in the market. It would be fair to assume that as the CIV progresses and the managers on the platform are optimised, the number of mandate and manager changes (or 'churn') will reduce, thereby reducing the cost that these changes incur for the boroughs.

Custody costs reduced

17. As boroughs increase the amount of assets they hold through the CIV, their custody costs will reduce. Due to the scale of the assets held in the CIV, it is likely the custody costs will be significantly preferential to the boroughs current custody costs. As with a number of the CIVs benefits, the more assets the boroughs invest through the CIV, the greater the benefit for individual boroughs.

Crossing (trades in pooled funds)

18. There is opportunity for boroughs to benefit from 'crossing' within the CIV's pooled sub-funds. Crossing trades internally is when two clients take opposite positions in a trade, thereby eliminating market impact and reducing execution costs. Benefits are subject to the size and type of sub-fund, and as yet figures cannot be estimated for borough savings.

Securities lending

19. Securities lending is a common activity for some asset managers. The lending delivers additional income on the securities being lent and generally some (occasionally all) of that income is fed back into the fund. Securities lending is not risk free.
20. Although not all asset managers engage in securities lending, there is still a significant amount of money made from lending stocks and shares (this is particularly relevant in passive management of equities.)
21. The CIV will deliver additional benefit from securities lending in two ways:
- It will have scale and skills to be able to include the income derived from lending as part of the overall fee negotiation;
 - Where it holds segregated mandates it will be able to implement its own lending strategy/programme giving control over how and when securities are lent, thereby giving boroughs more financial benefit from the lending than they currently achieve.

Foreign exchange

22. In the same way as securities lending can generate additional profit, so too can the way FX is treated. The CIV will have the scale to implement detailed foreign exchange rate monitoring to ensure that boroughs are obtaining the best rates of exchange at the lowest commission possible. If a counterparty is not able to produce best execution at the best prices and lowest commissions then the provider can be changed. Some market

commentators estimate that the difference in these costs could be as high as 9 basis points.

23. To estimate savings we could look at a foreign equity portfolio that is worth £200 Million with a turnover of 20% of stocks each year (20% sell plus 20% buy = 40% with half of this amount being concurrent buys and sells in the same currency, therefore = 20% of fund value) this could save $£200 \text{ Million} \times 20\% = £40 \text{ Million} \times 0.09\% = £36,000$ per annum.

Brokerage costs reduced

24. Brokerage costs (for those managers who are not direct market participants) can add to the total costs the boroughs face when having their stocks bought or sold. Brokerage costs fall as the scale of assets increases, thereby reducing the overall cost the boroughs incur.

‘Softer’ Benefits

Data transparency and data access

1. One of the key aspects of the CIV is the transparency of manager data, performance and fees. Boroughs will be able to see data not only for those sub-funds in which they are invested, but also of every other sub-fund on the platform, thereby giving potentially greater overall transparency. This borough ability to compare managers and mandates will put the onus on managers not only to continue to perform well, but to make sure that their fees are competitive in comparison to those of their peers.
2. The CIV will provide boroughs with access to data in ‘real’ time through on-line reporting tools. As borough choose to put more of their assets into the CIV they will gain quicker and more efficient access to information that will allow timely decision making.

Shared investment manager oversight

3. Through the structures of the CIV the participating boroughs will come together to collectively scrutinise investment managers. This facility to collaborate when reviewing a manager will add to the sum of knowledge available to inform the process and is likely to lead to better overall decision making, which in turn should drive up overall investment performance.

Regulatory scrutiny

4. The ACS operator and fund are both regulated entities with significant oversight provided by the FCA and thus a high level of reassurance about the quality and robustness of the systems, processes and people.
5. The FCA will ensure high standards of conduct and will intervene if they see unacceptable risks to the fair treatment of the customers (the participating boroughs) or integrity of the market. Boroughs can be confident that the operator of the fund will be placing the fair treatment of customers at the centre of its corporate culture both because of the close relationship of the Company to the boroughs (its owners and investors) and because of the FCA oversight.

6. All employees fulfilling a role with 'significant influence' over the running of the Company will require personal authorisation by the FCA. The FCA ensures candidates are 'fit and proper' to perform the controlled functions of the regulated firm. When considering a candidate's fitness and propriety, the FCA considers:
- Honesty, integrity and reputation;
 - Competence and capability;
 - Financial soundness.

Governance/ Shared training/ Shared knowledge

7. The CIV Sectoral Joint Committee provides the boroughs with the opportunity to share and gain a large amount of knowledge and information that previously had no real vehicle for dispersion. Training sessions facilitated by the CIV will provide the boroughs with expert, in depth knowledge, whilst also providing a trickle-down effect to provide the wider borough pension committees with benefit.
8. The expertise that the boroughs now hold can be shared speedily and with ease through the CIV which will help the overall performance of the funds over the longer term. This will especially be the case through the 'Investment Committee' which will bring together officers from across the participating boroughs on a regular basis and enhance the opportunities for collaboration across the boroughs.
9. In addition the CIV itself will develop into a centre of excellence over time with skills and expertise that will be readily available to every borough.

Access to 'alternative' investment

10. Investing in more alternative assets (such as private equity, infrastructure and hedge funds) has always been expensive and made more so by the relatively small size of many of the borough pension funds. The collectivisation of the boroughs assets will result not only in a reduction and sharing of fees but more importantly, the opportunity (at some point in the future and if the boroughs choose) to invest directly in certain alternatives such as infrastructure, thereby removing fund-of-fund structures and the often high fees associated with them.

Responding proactively to the wider LGPS efficiency agenda

11. The CIV is a proactive response to the government's view that there is inefficiency across the LGPS and that change, possibly including mergers, is necessary to address that inefficiency. So far the CIV initiative has helped steer the agenda away from mergers with the potential that sovereignty and accountability will be left in borough hands. Meetings with DCLG over the past year have been encouraging and helpful, with government very interested in what the boroughs have achieved so far through their collaborative approach. If anything, the CIV at this point is demonstrating to government that intervention is not only unwelcome, but unnecessary.
12. The collective power of the CIV, when up and running, is the ability to further shape the LGPS agenda through its scale and influence.

Market management

13. With thirty boroughs participating in the CIV, the wider investment industry has reacted as a result. In some cases investment manager fees have reduced even before the CIV has negotiated new fees on behalf of the boroughs. This demonstrates the impact the prospect of borough collaboration has had upon the market, and points to the potential for further and stronger influence once the CIV has been launched.

More time at local level to focus of strategic issues

14. One important aspect of the CIV is removing some of the more time consuming aspects of the borough pension funds (such as protracted manager searches and OJEU procurements) which in turn frees up important borough resources and time to focus on each individual fund's overall strategic issues, further ensuring that the CIV is put to the best use for its shareholders.

Voting power

15. Boroughs voting collectively either in individual sub-funds or as a CIV as a whole, gives them much greater influence than if they were to vote individually or allow managers to vote on their behalf. The intricacies of how CIV voting would work needs further exploration, but there remains the potential for more influence to be wielded by the boroughs through the CIV.

Reputation

16. There is no doubt that the London boroughs have taken a high-profile and leading position in delivering innovation and efficiency for the LGPS. This has been delivered through a number of activities including:
- Leading members meeting with government ministers to discuss the proposals;
 - Significant media coverage;
 - Participation in speaking events throughout 2014; and
 - Receiving a "Highly Commended" award at the 2014 LGC Investment Awards.

Leaders' Committee

No Recourse to Public Funds: update

Item 8

Report by: Paul Honeyben

Job title: Acting Strategic Lead: Finance,
Performance & Procurement

Date: 14 July 2015

**Contact
Officer:** Paul Honeyben

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Summary

The issue of people with No Recourse to Public Funds (NRPF) continues to place increasing service and financial pressure on London's local authorities.

This report updates Leaders on London Councils' work in this area since March Leaders' Committee, and the future work being undertaken to understand the pan-London cost of NRPF.

Recommendations

Leaders are invited to note the report and to comment on any of the issues covered.

No Recourse to Public Funds: update

Introduction

1. A report went to Leaders Committee in March 2015 outlining the main challenges of NRPF cases and their impact on London local government. This includes a range of factors driving demand, such as central government policy, changes in case law and welfare reform.
2. It also set out a number of future actions to accelerate positive progress on this issue. This report updates Leaders on the progress made since March on this issue.

Background

3. No recourse to public funds (NRPF) refers to people who are subject to immigration control and have no entitlement to public funds such as welfare benefits, Housing Benefit and Home Office support for asylum seekers.
4. Individuals with NRPF have very few alternative avenues for support and local authorities have a duty to undertake an assessment of their needs under a combination of the Human Rights Act, the Children's Act 1989 and the National Assistance Act 1948.
5. As reported to Leaders' Committee in March, the number of clients with NRPF has been growing rapidly and is a particularly acute issue in London, placing increasing service and financial pressure on local authorities. The 17 London boroughs using NRPF Connect¹ (at the time) reported around 1,500 households receiving some form of accommodation and subsistence at an estimated combined cost of £25.1 million in 2014-15.
6. Actual expenditure across those boroughs is likely to be higher, as these figures do not include staff time and overheads. A separate estimate puts the figure at £22 million per annum across just five South East London boroughs (using a different data to that used in NRPF Connect). It remains the case that stronger evidence is needed to gauge the total cost of NRPF across the whole of London.
7. At the March meeting, Leaders endorsed the decision of Executive (February 2015) for London Councils officers to take forward a series of steps that would seek to advance the case of London local government on this issue. These were that:

¹ NRPF Connect is a database through which the Home Office and local authorities work together to identify and resolve supported cases through the secure exchange of information.

- pressure is maintained to accelerate the discussions on funding through both political and officer engagement;
- work continues to challenge and influence current Home Office policies and practices, which give rise to the increasing pressure on local authorities;
- continuing dialogue is maintained with the Home Office and DCLG through the London representatives of the NRPF Steering Group;
- London Councils continues to work with the NRPF Network and London boroughs to develop a strong evidence base that fully articulates the level and nature of the financial impact on London local government from NRPF clients; and
- a round of public affairs engagement is undertaken to ensure there is a wider understanding of the pressure on London boroughs from those with NRPF. It was suggested that some escalation to member level may be required to support this.

Key Developments

8. Since March, London Councils' officers have undertaken extensive work to further understand and raise awareness of this issue including:

- *A round of public affairs engagement* – This highlighted the issue London boroughs are facing, and included coverage in Local Government Chronicle and Public Finance magazine.²
- *Briefings* – Including the production of a member briefing for London's councillors³, and an update briefing by the Chief Executive following a request by Cllr Carr at June Leaders' Committee.
- *Roundtable event* – Held at London Councils on 18 June with senior borough officers to facilitate learning at both a strategic and operational level on this issue, and to inform London Councils' lobbying. Speakers included two south east London boroughs on their pilot project.
- *Meeting with Government officials* - London Councils officers had an initial meeting with Home Office and DCLG officials (outside of the NRPF steering group), to understand their plans and update them on the progress of our work.
- *Information gathering* – London Councils officer have undertaken further analysis of the NRPF Connect database to understand the level and nature of the financial

² <http://www.publicfinance.co.uk/analysis/2015/04/councils-pay-price-%E2%80%98cost-shunting%E2%80%99>

³ <http://www.londoncouncils.gov.uk/members-area/member-briefings/no-recourse-public-funds>

impact on London local government and establish where information gaps currently exist. London Councils officers are developing a survey of all London boroughs to gather a strong pan-London evidence base that fills some of these information gaps and fully articulates the level and nature of the financial impact on London local government from NRPF clients. This data gathering exercise will commence over the next two months and the results will inform London Councils' submission to the 2015 Spending Review.

Next Steps

9. This programme of work has enabled officers to start to develop more detailed lobbying positions on NRPF. Specifically, around influencing Home Office policies and practices to address the increasing pressure on London boroughs. It is anticipated that the results of the survey will help to add further weight to these lobbying positions.
10. The NRPF Steering Group has developed a two year plan which includes activity to improve Home Office processes and procedures for local authorities. London Councils will continue its engagement with the group and there are some initial positive signs. The Home Office has begun work targeting older cases (those open for over 1000 days) and continued pressure will be applied here.
11. There also continues to be the need for the Home Office to address areas such as the lack of prioritisation for and the granting of leave to remain with no recourse to public funds to local authority supported cases. London Councils will continue to engage and apply pressure through the group on these areas.
12. Spending Review 2015 will be a key time to influence funding considerations and discussions. An informed evidence base will be crucial in influencing discussions. DCLG has previously concluded that NRPF Connect should be given more time to become embedded within local authority practices and further evidence from local authorities is required to understand cost pressures.
13. In addition, NRPF Connect continues to be the Home Office's preferred method of working with local authorities on this issue and membership has grown nationally from 14 local authorities using the system in February 2014 to 30 as of June (including 18 London

boroughs⁴). It is recognised that not all affected London boroughs subscribe to the service and boroughs may wish to consider whether participation would be of value to them locally in future.

14. With the need for further evidence in mind as well as the lack of pan-London coverage from the NRPF Connect data, it is proposed that:

- London Councils will continue to develop its data gathering exercise with boroughs;
- future analysis of this information will be undertaken to inform our evidence base for responding to 2015 Spending Review;
- dialogue with central government departments will be continued;
- thought will be given to further media and third party work in the run up to Party Conferences and the 2015 Spending Review;
- further pressure will be applied on the Home Office to justify interpretations emerging from Government; and
- more influencing and public affairs work will be undertaken, in particular with the results from the data exercise in understanding the pan-London position.

Recommendations

Leaders Committee is invited to note the issues covered in the report and endorse the next steps proposed in paragraph 14.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

⁴ At the time of writing, London boroughs who are members include: Barking & Dagenham, Bexley, Brent, Croydon, Enfield, Greenwich, Hackney, Haringey, Havering, Hounslow, Islington, Lambeth, Merton, Newham, Redbridge, Southwark, Waltham Forest and Wandsworth.

Leaders' Committee

Summaries and Minutes

Item no: 9

Report by: Derek Gadd **Job title:** Head of Governance
Date: 14 July 2015
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary Summaries of the minutes of London Councils

Recommendations Leader's Committee is recommended to note the attached summaries:

- Executive – 12 May 2015
- Pensions CIV Sectoral Joint Committee – 27 May 2015
- Executive – 23 June 2015

**Minutes of the Meeting of the Executive
Tuesday 12 May 2015**

Mayor Jules Pipe was in the chair

Present

Member	Position
Mayor Jules Pipe	Chair
Cllr Claire Kober	Deputy Chair
Cllr Teresa O'Neill,	Vice chair
Mr Mark Boleat	Vice chair
Cllr Ruth Dombey	Vice chair
Cllr Lib Peck	
Cllr Julian Bell	
Cllr Philippa Roe	
Cllr Ray Puddifoot MBE	
Mayor Sir Steve Bullock	

London Councils officers and Cllr Ravi Govindia were in attendance.

1. Declarations of interest

No interests were declared.

2. Apologise for absence

Apologies were received from Cllr Peter John

3. Minutes of the Executive Meeting held on 3 March 2015

The minutes of the Executive meeting held on 3 March 2015 were agreed.

4. Crossrail 2: Emerging Funding Challenges for the New Parliament

Cllr Claire Kober introduced the report drawing on the issues set out in her paper:

- The report followed on from the report on Crossrail 2 presented to the Executive on 20 January, where the focus was on the funding package proposed by PwC to meet 50% of funding of Crossrail 2 within London.
- Considering the report, members asked officers to look further into funding mechanisms that were employed internationally to give London local government a wider range of options.
- The London Infrastructure Plan 2050 identified a shortfall of at least £4.4 billion every year, raising the question of the funding mechanisms for other infrastructure projects as well.
- With current pressures on public finances set to continue, it was likely government would seek a higher proportion of the overall cost of Crossrail 2 from London sources. London contributed over 60% of funding to Crossrail 1.
- Many of the funding mechanisms considered in the report would require devolution of powers and funding from central government, adding to London Councils and the Mayor's call for greater devolution in London.
- There were some funding mechanisms which were already available to London local government but presented different challenges, such as TIF.
- The report also outlined the funding that could be contributed from those districts that benefit from Crossrail 2 considering Council Tax Precept and Business Rates Supplement in those areas.
- Calculations in the report were officer estimates, taking currently publicly available data and not taking account of population growth, inflation, economic growth, price rises, etc. This could be looked at, if the Executive so wished, in a further iteration.
- International examples taken into a London context could raise an additional 41.89% of Crossrail 2 funding.
- Funding from areas outside London could contribute 0.65% of Crossrail 2 funding.

Cllr Ravi Govindia made the point that raising additional levies on top of existing levies could have an effect on momentum, the development at Nine Elms in his borough Wandsworth being an example and Cllr Kober agreed.

The Executive agreed to note the report.

5. Nominations to Outside Bodies

The Executive agreed to note the report.

6. Report of Decisions taken under Urgency Items

The Executive agreed to note the report.

The Executive ended at 11:50 having started at 11:40

Pensions CIV Sectoral Joint Committee (PSJC)

27 May 2015

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Wednesday 27 May 2015 at 10:30am in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

Present:

City of London	Mark Boleat (Chair)
Barking and Dagenham	-
Barnet	-
Bexley	Cllr John Waters
Brent	-
Camden	Cllr Rishi Madlani
Croydon	-
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Greenwich	-
Hackney	-
Hammersmith and Fulham	-
Haringey	-
Harrow	Cllr Adam Swersky
Hounslow	Cllr Mukesh Malhotra
Islington	Cllr Richard Greening
Kensington and Chelsea	-
Kingston Upon Thames	Cllr Eric Humphrey
Lambeth	-
Lewisham	Cllr Mark Ingleby
Merton	Cllr Imran Uddin
Newham	Cllr Ted Sparrowhawk (Deputy)
Redbridge	Cllr Elaine Norman
Richmond Upon Thames	-
Southwark	Cllr Fiona Colley
Sutton	-
Tower Hamlets	Cllr Clare Harrison
Waltham Forest	-
Wandsworth	Cllr Maurice Heaster
City of Westminster	Cllr Suhail Rahja

Apologies:

Barnet	Cllr Mark Shooter
Hackney	Cllr Robert Chapman
Hammersmith & Fulham	Cllr Ian Cassidy
Haringey	Cllr Jason Arthur
Greenwich	Cllr Don Austin
Newham	Cllr Forhad Hussain
Sutton	Cllr Sunita Gordon
Richmond-upon-Thames	Cllr Thomas O'Malley

Officers of London Councils were in attendance as was Mr Chris Buss (Chair of the Technical Sub-Group) and Mr Ian Williams (Director of London LGPS CIV Ltd)

1. Declaration of Interests

- 1.1. There were no declarations of interest that were of relevance to this meeting.

2. Apologies for Absence & Notification of Deputies

- 2.1. Apologies and deputies are listed above.

3. Minutes and Matters Arising from the Meeting held on 25 March 2015

- 3.1. The minutes of the PSJC meeting held on the 25 March 2015 were agreed as an accurate record.
- 3.2. It was noted that Hugh Grover had been interviewed and offered the position of Chief Executive of London LGPS CIV Ltd. This was ratified by the company Board on 12 May 2015.
- 3.3. It was noted that a sub-group of the committee (comprised of the Chair, the two Vice-Chairs and Cllr. Toby Simon) met on 30 April 2015 to look at the draft operating budget in more detail. Members were satisfied that the budget was appropriate, but strongly advocated the inclusion of a Remuneration Committee in the company's governance structure, which had now been added.
- 3.4. It was noted that the recruitment of permanent Board members had begun. The Board would be comprised of 3 Executive Directors - CEO, a Chief Operating Officer (COO) and an Investment Oversight Director (IOD), and 3 Non-Executive Directors (NEDs), one of which would be the Chair.
- 3.5. Councillor Johnson highlighted that the Board should be representative of the London community from a diversity perspective, and also proposed that an extra NED be recruited (making 4 NEDs in total). Councillor Greening concurred with the proposal noting that it was good practice to have a majority of NEDs to Executive roles. He felt that the current structure might not be sufficiently robust from a challenge perspective.
- 3.6. **The Committee** agreed to discuss the issue of having an additional NED at the end of the meeting and who the interview panel would comprise of.

4. Programme Overview and Risk Register

- 4.1. The Chair invited the CEO of London LGPS CIV Ltd to introduce the item, which he did, noting that it was agreed at the last meeting that the programme plan and risk register would become standing items for review at each future meeting. The current risk register had been developed under the London Councils' framework and would need to be modified later to be fit for purpose for the CIV once it becomes operational. The following points were noted:

Programme Overview

- 4.2. The Programme had been split into 4 "project" areas, namely: Company establishment, Operator set-up, Fund establishment and Legal documentation.
- 4.3. The 4 currently identified "amber" ratings in the programme plan were as follows:
 - *Recruitment of senior roles* - the roles needed to be in place before the CIV could become operational and this needed to be monitored closely in

case of any potential slippage in the recruitment process which would have knock-on effects to the timetable overall;

- *Finance systems* – the financial system needed to be in place and details need to be finalised;
- *Regulatory application* - this had taken longer to draft than originally anticipated, resulting in some slight slippage. It is now at the final draft stage. Eversheds would be reviewing this the following week, with the aim of getting the application to the FCA within the next fortnight;
- *Project initiation* – this simply reflected that final contract documentation with Northern Trust had still to be completed. It was noted that this was not unusual for this type of contract and was not a cause for concern;

4.4. The two red blocks in the programme plan represented CIV establishment “milestones” (not RAG indicators). The two milestones were the Operator authorisation in late August 2015 and the Fund launch in late September 2015

4.5. It was noted that once the finance system was in place, an invoice for the third instalment of £25,000 would be raised and sent to the boroughs. This money would go into the Company accounts. Members should expect to receive an invoice for the final £25,000 shortly.

Risk Register:

4.6. It was noted that the register represented perceived risks to the establishment of the CIV, and not current “issues”. The two high (red) levels of risk were:

- *Recruitment* – if key positions were not filled within the proposed timescale this would delay FCA authorisation; and
- *Government action* – the risk would be that the Government might decide to take its own actions to reform the LGPS and the viability of the CIV model might be impacted. A meeting was being set up with the new Local Government Minister at DCLG, and the CEO would be meeting departmental officers shortly.

4.7. In discussion, the following points were made:

- i. The CEO confirmed that there was a contingency plan to employ Executive Directors on an interim basis, should long notice periods need to be worked out by the successful applicants. However, there would be cost implications to this.
- ii. It was agreed that a risk would be added to the register covering the possibility that savings will not be delivered to the boroughs. The CEO confirmed that details covering potential borough savings would be sent to them shortly.
- iii. It was decided that a risk would be added to cover the possibility of unexpected costs arising.

4.8. **The Committee** agreed that the risk register would be amended to incorporate the two additional risks (above).

5. Stewardship and Voting

- 5.1. The Chair noted that the report set out the latest thinking and detail about possible voting options that the CIV could employ at its launch.
- 5.2. The CEO highlighted that the CIV's ability to vote would be similar to the position across the boroughs now, ie where investments were in pooled funds, the fund manager would be responsible for implementing their own policy, and the CIV would only have the power to vote where investments were held as segregated accounts.
- 5.3. Councillor Johnson proposed that option "c" be adopted – to *"adopt the voting principles of the LAPFF and consider membership of the CIV"*. This was seconded by Councillor Malhotra
- 5.4. Councillor Rahuja said that the ISS acted as the voting agent on behalf of the City of Westminster. He said that his preferred option would be "b" – *"hire a voting consultant to handle the voting on behalf of the CIV"*, as this would increase the value to shareholders.
- 5.5. **The Committee** discussed the report and after careful consideration resolved to adopt recommendation "c" – *"adopt the voting principles of the LAPFF and consider membership of the CIV"*.

6. London LGPS CIV Ltd Governance Structures

- 6.1. At its meeting of 25 March 2015 the committee received a presentation from Anthony Gaughan (Partner, Deloitte) on the proposed governance structures for London LGPS CIV Ltd. The Committee provided feedback on the proposed structures and that feedback informed further consideration that was used to present refined proposals to the Board of the company at its meeting of 12 May 2015. This report provided the Committee with final proposals for consideration with a view to including them in the regulatory application that will be presented to the Financial Conduct Authority for authorisation.
- 6.2. The committee considered the make-up of the interviewing panels for the exec and non-exec appointments. It was proposed that Mark Boleat would sit on the NED Chair interview panel with two of the current interim company directors (preferably elected members). It was further proposed that the newly recruited NED Chair should be on the panel for the NED interviews, again with two of the current directors.
- 6.3. It was proposed that an extra NED (a third) would be beneficial as it would add experience to the governance structure and a balance towards NEDs rather than execs, which was seen as in line with best practice. The CEO said that having an additional NED would not be a problem, although there would be additional costs associated with this - NEDs were currently being offered £15,000, with the NED Chair being offered £30,000.
- 6.4. For the exec director panel it was agreed that Hugh Grover, as the newly appointed CEO, would be on the panel, with one or two of the current directors.

- 6.5. It was noted that the number of meetings in the committee structure had been reduced, with some committees taking place on the same day. This revised structure would need to be acceptable to the FCA.
- 6.6. There were concerns that the Audit Committee was now only meeting tri-annually, rather than quarterly, as previously proposed. It was agreed that the Audit Committee would meet 4 times in the first year, while the Company was being set-up.
- 6.7. It was noted that it was a requirement of the FCA that the “Risk and Compliance” Committee was separate from the Audit Committee, although both committees would probably be represented by the same people.
- 6.8. **The Committee:**
- Agreed that the Audit Committee would revert back to meeting 4 times a year, rather than 3, whilst the Company was being set-up;
 - Agreed to the proposed governance structures included in the report being adopted by the Company, subject to any changes that were agreed by the PSJC (above).

7. Any Other Business

- 7.1. It was agreed that the next PSJC meeting would now be moved from 29 July 2015 to **Tuesday 21 July 2015**. The meeting would take place at 10.30am to 12.30pm. The first section of the meeting would be the AGM of the Company, where members would be sitting as the shareholders. The second section of the meeting would be the normal business of the day. An email would be sent to members confirming the date change

The meeting closed at 11:40am

**Minutes of the Meeting of the Executive
Tuesday 23 June 2015**

Mayor Jules Pipe was in the chair

Present

Member	Position
Mayor Jules Pipe	Chair
Cllr Claire Kober	Deputy Chair
Cllr Teresa O'Neill	Vice chair
Mr Mark Boleat	Vice chair
Cllr Ruth Dombey	Vice chair
Cllr Lib Peck	
Cllr Julian Bell	
Cllr Philippa Roe	
Cllr Ray Puddifoot MBE	
Mayor Sir Steve Bullock	
Cllr Peter John	

London Councils officers were in attendance as were the following borough chief executives as members of the Devolution and Public Service Reform sub-group:

Mr Andrew Travers - Barnet
Ms Lesley Seary - Islington
Mr Charlie Parker - Westminster
Mr Nick Walkley - Haringey

1. Apologies for absence and announcement of deputies

There were no apologies for absence.

2. Declarations of interest

Cllr Julian Bell declared a disclosable pecuniary interest in item 4 *Right to Buy and Council House Sales* as a tenant of a housing association and indicated he would leave the room when the item was dealt with.

3. Minutes of the Executive Meeting held on 12 May 2015

The minutes of the Executive meeting held on 12 May 2015 were agreed.

Having declared a disclosable pecuniary interest in the following item, Cllr Julian Bell left the meeting.

4. Right to buy and Council House Sales

Mayor Sir Steve Bullock introduced the report saying:

- The government's policies on the right to buy for housing association tenants financed by high-value stock sales would be the subject of much debate over the next six months
- The report highlighted:
 - the potential loss of affordable housing in the capital
 - the implications of the policies for new borough housing investment, it could potentially act as disincentive for boroughs to build
 - the potential for the policy to drain revenue from London which would otherwise be used for new housing in the capital
 - the effect of the policies could potentially be the opposite of what was widely considered to be what was required
- There was a strong political commitment from the government to deliver both policies, although it was still working through their detail – for example, it remained unclear how the government would define 'high value' in a London context, or how void properties would be defined for the purpose of forced sales
- The government had also indicated that the revenue generated by the policy would be used in part to deliver replacements in the same area on a one-for-one basis

- London Councils will explore the scope for a collective response with the Mayor of London and will assess the potential to work with others in the housing sector to ensure that the policy protects the interests of London.
- The Executive may wish to endorse
- the following four principles which had already been supported by the Mayor of London:
 - The policy should deliver an overall increase in housing
 - It should deliver an overall increase in affordable housing
 - It should not result in a diminution of the social mix of London
 - Revenue generated by council house sales should stay in London and be reinvested in housing there
- The Executive may also wish to seek agreement on a policy position regarding the location of replacement homes, having particular reference to the need to maintain the social mix across the capital

Mr Nick Walkley (Haringey Chief Executive) reported on a range of issues and the work of another group he was leading and co-ordinating for London Councils.

- There were two separate policies, RTB and asset sales, that had been joined together in the manifesto
- The officer group would work up a principles paper

Cllr Philippa Roe voiced her concern about nomination rights, given property values in her borough it was going to be difficult to achieve like-for-like replacement there. Cllr Roe reported that to prevent the loss of affordable properties when they were sold on, Westminster was imposing a covenant to keep them affordable.

Cllr Peter John thought that this was an issue that may merit a request for a meeting with the prime minister. An obvious argument for London Councils to make was that funds from London asset sales should be ring-fenced to London, but he was concerned

at the prospects of success since the policy nationwide would need to be financed by London receipts

The Chair agreed and pointed to the lack of consideration being given to the demographic effects of the policy as people on low incomes would be forced out of inner London.

Mr Mark Boleat reminded the Executive when council houses were sold, they were not lost. The same people continued to live in them in the first instance at least. He believed London's housing crisis was wider than simply the question of council/social housing and was wary of the covenant approach as this may frustrate the ambition of the discount.

Cllr Teresa O'Neill said that she did not support the idea of seeking a meeting with the Prime Minister, since the Secretary of State, Greg Clark had shown himself prepared to listen and instead a meeting with him should be sought. Evidence was needed that would show the differential impact across London. She also believed that the practice of companies offering to supply mortgages to facilitate stock sales should be drawn to the government's attention.

Cllr Claire Kober argued that London Councils should have no view on the Right-to-Buy, but should be clear about the negative aspects of proposals for funding this, including the impact on temporary accommodation and low-income families.

Cllr Ray Puddifoot MBE argued that the Secretary of State should be approached with the principles already supported by the Mayor of London and asked how he would see these working as the policy unfolded.

Mayor Bullock concluded by saying that the four principles that he had set out in his introductory comments would be the basis of London Councils public policy position.

The Executive agreed to note the report.

Cllr Julian Bell returned to the meeting.

5. Rebalancing of cultural funding

The Chair introduced the report saying:

- Following pressure to 'rebalance' cultural funding away from London (including a CMS Select Committee Inquiry last year) the Arts Council had announced a shift of 5 percentage points in the distribution of its National Lottery investment away from London over the next three years. This was equivalent to reducing the allocation that goes to London by one sixth (almost 17%)
- National Lottery funding was the only source of Arts Council investment that some boroughs - Bexley, Bromley, Ealing, Enfield, Hillingdon and Sutton - received and many boroughs were not in a position to make up the funding shortfall out of their own funds
- With reductions expected to the Arts Council's budget, there was likely to be more pressure to further rebalance National Lottery funds away from London, as well as grant-in-aid investment (currently unaffected) which supports established arts organisations (known as National Portfolio Organisations)
- London Councils – and partners such as the GLA – had been arguing that 'rebalancing' was not justified, as:
 - Some parts of London (especially outer London) already receive comparatively low levels of investment
 - Londoners are not benefitting proportionately from investment in London-based organisations as most of it goes to organisations (such as the Royal Opera House) that served national and international audiences, not local needs.
- London Councils had also been countering negative coverage of the boroughs who had been singled out for criticism in the 'rebalancing' debate for supposedly low levels of support for arts and culture; criticisms not supported by the data

Mr Mark Boleat reported on a major cultural initiative being undertaken by the City.

Cllr Ruth Dombey said that small amounts of funding could make a huge difference in enabling local communities to support a thriving cultural life.

The Executive agreed that London Councils would continue to make the case both publicly and directly to ACE against further rebalancing of arts and cultural funding away from London. This would involve working with potential partners such as the GLA, and developing a communications strategy to target central government, the arts council, the sector and the media with:

- Additional reports on the support that London boroughs provided for arts and culture and how this compared with other parts of the country
- A report and London Councils on-line policy briefing on the different ways that London boroughs supported arts and culture
- Positive stories in the press about boroughs' support for arts and culture in all its forms, including placing content in a local authority Arts Professional special in the autumn of this year
- Information on the needs of local communities in London which were not being met through ACE funding
- Direct engagement with the Arts Council through our Member representatives on the Arts Council Area Council for London and with ACE's newly appointed Chief Executive, including encouraging him to visit inner and outer London boroughs to see the impact of rebalancing
- In the longer term, working with the newly formed London All-Party Parliamentary Group (APPG) to make the case against further rebalancing of cultural funding.

6. Moving Forward on Health and Care Reform

Cllr Teresa O'Neill introduced the report saying:

- Leaders' Committee had shown its appetite for playing a leading role in health and care reform
- She had met with the chairs of Health and Wellbeing boards
- Discussions at the London Health Board in the previous week reaffirmed joint aspirations of seeking devolution to support reform in London, a commitment that would be pursued further when Cllr O'Neill, the Chair and the Mayor meet Simon Stevens, Chief Executive of NHS England on 30 July
- There was much that could already be done within existing powers and responsibilities to make progress on reforming health and care with some good

foundations to build on – like the Better Care Fund (BCF) and our work in public health reform

- The scale of the financial challenges and quality and access problems in services meant we could not afford to wait for devolution. The ambition and success in driving forward significant improvements in services and efficiency would also strengthen the case for devolution.
- This paper therefore considered three areas for progress this year:
 - strengthening Health & Wellbeing Boards
 - establishing sub-regional working and
 - increasing the scale and pace of integration
- Clearly delivering progress would be primarily driven forward locally, in the way that best suited local circumstances. However, to maximise influence regionally and nationally, there would be real power in some common aspirations and commitments to action. The paper also highlighted some things that could be done to help support local activity.

Cllr Ray Puddifoot pointed out that the plans for delivering health facilities, hospitals, GP surgeries etc, across London were not sufficiently developed. Parts of the health estate were being sold off, perhaps some should be retained.

Cllr Philippa Roe said the report did not specify precisely what was being asked for in terms of devolution and there was clearly a larger conversation to be had.

Cllr Peter John argued that control over CCG budgets would help Health and Wellbeing Boards deliver and questioned how many borough leaders chaired their Health and Wellbeing Boards.

Cllr Julian Bell reported on the work of the West London Alliance and in particular its dissatisfaction at being invited to be merely observers on the commissioning of primary care for GP services.

Cllr O'Neill summed up by saying:

- Not every leader chaired their Health and Wellbeing Board, indeed some did not even put a cabinet member on it

- There were powers around Health and Wellbeing Boards that could be used but were not.

The Executive agreed:

- To a common aspiration that all London's Health and Wellbeing Boards should strengthen themselves and increase their effectiveness as system leaders for locally driven health and care reform in 2015/16 and that London Councils should refresh the stocktake of London Boards at the end of the year
- That London Councils should develop, as far as possible jointly with London's CCGs, a call to government to clarify the approach to BCF in 2016/17 before the summer, putting forward a series of proposals intended to deliver the aspirations outlined in the paper, and
- A common aspiration to seek the establishment of effective sub-regional partnership working between boroughs and the NHS in London in 2015/16 and that London Councils should do some work with chief executives to support this and draw out broad models.

7. Devolution of infrastructure funding mechanisms

Cllr Claire Kober introduced the item saying:

- The London Infrastructure Plan 2050 identified a £1.3 trillion funding gap in infrastructure needed between 2016 and 2050
- Officers have explored funding mechanisms that were used internationally and put them into a London context in Appendix A while Appendix B explored the possibility of districts outside of London that benefit from infrastructure schemes making a contribution
- All the mechanisms explored would require devolution and the report suggested that the London Finance Commission recommendations could usefully be used as a starting point for this
- The Executive was asked to discuss the mechanisms in Appendix A and whether members consider any of them suitable for funding infrastructure in London
- The Executive was also asked whether, and at what stage, infrastructure funding should become part of London Councils wider devolutions asks.

Cllr Philippa Roe expressed concerns about some of the mechanisms, albeit they were provided by way of reporting international examples as requested. She was cautious about how some of these examples could operate in a London context.

The Chair discussed the feasibility of a parking levy. The Corporate Director, Services pointed out that drives could be included in any levy on parking places and the Chair asked that the issue be further investigated.

The Executive agreed to note the report.

8. London Councils – Consolidated Pre-Audited Financial Results 2014/15

The Director of Corporate Resources introduced the report saying that with a surplus of £2.9m and reserves of £10.2m, although taking into account commitments that figure fell to £6.5m, the position was a healthy one going into the autumn budget round. In response to a question from Cllr O'Neill about the scope that the position afforded in terms of future budget strategy, the Director of Corporate Resources replied that it did provide for a range of options to be developed for the Executive later in the year.

The Executive agreed:

- To note the provisional consolidated outturn surplus of £2.859 million for 2014/15 and the provisional outturn position for each of the three funding streams
- To note the provisional level of reserves of £10.237 million, which reduced to £6.493 million once known commitments of £3.744 million were taken into account
- To note the updated financial position of London Councils as detailed in the report, and
- To receive a further report in November 2015 after the completion of the external audit by PricewaterhouseCoopers (PwC) to adopt the statutory final accounts for 2014/15. The final accounts would be signed off at the meeting of the Audit Committee on 24 September 2015, at which PwC would formally present the Annual Audit Letter for approval.

9. Nominations to Outside Bodies

The Executive agreed to note the report.

The Executive ended at 11:55 having started at 10:40

Action points

Item	Action	Progress
4 Right to buy and Council House Sales <ul style="list-style-type: none">• Circulate a list of participants in the housing officer group• The officer group to work up a principles paper• Seek a meeting with Rt Hon Greg Clark MP• Identify evidence that would show the differential impact across London Councils	PAPA Housing/ Nick Walkley	
5 Rebalancing of cultural funding <p>Develop a communications strategy to target central government, the arts council, the sector and the media with:</p> <ul style="list-style-type: none">• Additional reports on the support that London boroughs provided for arts and culture and how this compared with other parts of the country• A report and London Councils on-line policy briefing on the different ways that London boroughs supported arts and culture• Positive stories in the press about boroughs support for arts and culture in all its forms, including placing content in a local authority Arts Professional special in the autumn of this year• Information on the needs of local communities in London which were not being met through ACE funding• Direct engagement with the Arts Council through our member representatives on the Arts Council Area Council for London and with ACE's newly appointed Chief Executive, including encouraging him to visit inner and outer London boroughs to see the impact of	PAPA Economy, Culture and Tourism	In progress

rebalancing

- In the longer term, working with the newly formed London All-Party Parliamentary Group (APPG) to make the case against further rebalancing of cultural funding.

6 Moving Forward on Health and Care Reform

**PAPA
Health**

London Councils to develop:

- A common aspiration that all London's Health and Wellbeing Boards should strengthen themselves and increase their effectiveness as system leaders for locally driven health and care reform in 2015/16 and that London Councils should refresh the stocktake of London Boards at the end of the year
- That London Councils should develop, as far as possible jointly with London's CCGs, a call to government to clarify the approach to BCF in 2016/17 before the summer, putting forward a series of proposals intended to deliver the aspirations outlined in the paper and
- A common aspiration to seek the establishment of effective sub-regional partnership working between boroughs and the NHS in London in 2015/16 and that London Councils should do some work with chief executives to support this and draw out broad models.

7 Devolution of infrastructure funding mechanisms

**PAPA
Transport
and
Environ-
ment**

- Investigate the feasibility of placing a levy on all non-domestic, business, parking spaces