

London Councils

Minutes of the London Councils Leaders' Committee held on 22 March 2016
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

Cllr Darren Rodwell
Cllr Richard Cornelius
Cllr Teresa O'Neill OBE
Cllr M. A. Butt
Cllr Stephen Carr
Cllr Theo Blackwell
Cllr Tony Newman
Cllr Julian Bell
Cllr Doug Taylor
Cllr Denise Hyland
Mayor Jules Pipe
Cllr Mike Cartwright
Cllr Claire Kober
Cllr David Perry
Cllr Roger Ramsey
Cllr Ray Puddifoot MBE
-
Cllr Richard Watts
Cllr Nick Paget-Brown
Cllr Kevin Davis
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Stephen Alambritis
Cllr Lester Hudson
-
Cllr Lord True
Cllr Fiona Colley
Cllr Simon Wales
Mayor John Biggs
Cllr Clyde Loakes
Cllr Ravi Govindia
-
Mr Jeremy Mayhew
-

Apologies:

CAMDEN
HAMMERSMITH & FULHAM
HOUNSLOW
NEWHAM

SOUTHWARK
SUTTON
WALTHAM FOREST
WESTMINSTER

Cllr Sarah Hayward
Cllr Steve Cowan
Cllr Steve Curran
Mayor Sir Robin Wales
Cllr Ken Clark
Cllr Peter John OBE
Cllr Ruth Dombey
Cllr Chris Robbins
Cllr Philippa Roe

Ex officio (under the provisions of Standing Order 2.5)

CAPITAL AMBITION
GRANTS

Mr Edward Lord JP OBE CC
Cllr Paul McGlone

Officers of London Councils were in attendance:

1. Apologies for absence and announcement of deputies

The deputies listed above were noted.

2. Declarations of interest

No interests were declared.¹

3. Minutes of Leaders' Committee meeting held on 9 February 2016

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 9 February 2016.

4. Review of London Councils' Grants Programme

Cllr Paul McGlone (Labour, Lambeth, Grants Committee) introduced the item saying:

- Leaders' Committee in December 2015 had been minded to consider a programme beyond 2017 with three priorities:
 - Priority 1 Combatting Homelessness
 - Priority 2 Tackling Sexual and Domestic Violence
 - Priority 3 Tackling Poverty through Employment (European Social Fund match funded)

¹ Under item 4 *Review of London Councils' Grants Programme* Mr Jeremy Mayhew (Independent, City) declared a non-pecuniary interest as the Chair of the City Bridge Trust

- Homelessness should reflect better the different needs in inner and outer London and link to the poverty priority
- Further, targeted consultations had taken place following the Leaders' Committee in December on the 'in principle' conclusions that had been reached at that time. Responses from boroughs and from the Voluntary and Community sector (VCS) had been considered at the March meeting of the Grants Committee
- Five pieces of evidence had been considered:
 - Responses to the consultation
 - Equalities considerations
 - Other evidence including a report from Homeless Link into homelessness need in London
 - A letter from MOPAC supporting the programme
 - An event run by London Councils in February at which the boroughs and the VCS talked about shared solutions around Domestic Violence (DV)
- The report was considered in the context of the local government financial settlement published in Feb 2016 and the need, in light of it, to make difficult decisions about the use of scarce resources.
- Grants Committee had agreed that officers were to work up a proposal to work with City Bridge Trust (CBT) on capacity-building in the voluntary sector in London. The proposal to be reviewed by the July Grants Committee
- Grants Committee agreed unanimously to recommend to Leaders' Committee a programme for 2017 going forwards based on the same principles and the three priorities

Mr Jeremy Mayhew (Independent, City of London) declared an interest as the Chair of the City Bridge Trust (CBT) and said that the trust was determined to maintain the area of work around capacity building/infrastructure and that CBT would look to work with London Councils and the boroughs to mitigate the impact of changes in the pattern of grant-giving in this area.

Cllr Stephen Carr (Conservative, Bromley) said:

- He did not fundamentally disagree with any of Cllr McGlone's proposals and supported the Grants Committee's direction of travel as long as duplication of provision was avoided and stronger commissioning was sustained in order to promote continued improvement in value for money

- His support, however, should be seen in terms of priorities not budgets
- Work needed to be done on the issue of homelessness – ensuring that the way the Grants Committee commissioned ensured non-duplication of provision and a proper alignment with existing statutory responsibilities and budget arrangements around support for homelessness was secured
- In respect of the Grants Committee's support for Priority 3, he stated that he did not consider this to be value for money. Whilst accepting it was one of the most successful programmes in terms of back to work outcomes, it was still not successful enough to justify the investment
- The economic upturn had created more jobs than the successes of the ESF programme to date
- He did not consider the programme's criteria for success rigorous enough

Cllr McGlone said:

- He accepted Cllr Carr's challenge but considered that the Grants Committee had applied rigour in holding the ESF scheme to account
- The scheme supported people furthest from the jobs market getting into work and did it faster and cheaper than other agencies
- Non-duplication had been something that had been focused on and would continue to do so
- Grants Committee had unanimously agreed to recommend the Grants Programme to Leaders' Committee

The Chair asked Leaders' Committee to consider whether to agree to deliver a Grants Programme from April 2017 operating in accordance with the current principles and focused on the following priorities:

- Priority 1 Combatting Homelessness
- Priority 2 Tackling Sexual and Domestic Violence
- Priority 3 Tackling Poverty through Employment (European Social Fund match funded)

And to do so in the context of the equalities information detailed in the report, the obligations of the Equalities Act 2010 and , in particular, Section 149, the Public Sector Duty.

Leaders' Committee agreed:

- That there should be a Grants Programme from April 2017 to March 2021, operating in accordance with the current principles and focused on the following priorities -
 - Priority 1 Combatting Homelessness
 - Priority 2 Tackling Sexual and Domestic Violence
 - Priority 3 Tackling Poverty through Employment (European Social Fund match funded)
- To note that Grants Committee had asked that officers develop a proposal to work with City Bridge Trust on the implementation of the review into infrastructure support in London (being undertaken by London Funders) and that this be reported to the next meeting of the Grants Committee in July 2016.

5. Devolution and Public Service Reform – Update

The Chair introduced the report saying:

- The report provided an update on three important elements within our negotiations with Government on devolution to London:
 - Employment
 - Skills
 - Health (including the five London health pilots)
- Whilst there had been significant progress in agreeing the overall shape of devolution, work was likely to need to continue both at London level and within boroughs and borough groupings:
- At London level, work would need to continue to progress in collaboration with the GLA, to take forward the fine detail of the emerging agreements on devolution and co-commissioning with DWP, BIS and the NHS
- Work was also progressing in boroughs and across groups of boroughs to help realise some of the ambitions in all three thematic areas, in particular to:
 - Develop governance arrangements and

- Ensure that capacity was in place to allow effective commissioning, contract management and oversight.
- The groupings – which would vary according to the relevant thematic area being reported on – would be invited to provide a short update note in the form of an appendix to a regular report to Leaders' Committee, detailing activities in each of the council groupings.

Cllr Theo Blackwell (Labour, Camden) said he saw the question of data and common standards as less a technology issue and more of a devolution issue.

Cllr Roger Ramsey (Conservative, Havering) informed Leaders' Committee of serious concern about whether anticipated NHS funding for the pilot that his borough, along with Barking & Dagenham and Redbridge, had entered into would be forthcoming. The Chief Executive informed members that London Councils and others were seeking to lobby for this funding to be provided as had been anticipated previously.

Leaders' Committee agreed to note:

- The progress that had been achieved following submission of the London Proposition on devolution and public service reform, particularly in respect of opportunities that were now available to boroughs in relation to:
 - Employment
 - Skills
 - Health (including the London health pilots)
- The work which was progressing within boroughs and borough groupings, to ensure that these opportunities could be realised. Further update reports would seek to include relevant appendices detailing specific activities in each of the council groupings pursuing elements of the devolution and reform agenda.

6. Finance Update (Budget and Business Rates Devolution)

The Chair introduced the report saying:

- The report updated Leaders' Committee on the latest finance developments in respect of business rates devolution and the recent Budget
- The Chancellor had announced that responsibility for the TfL capital funding would be devolved to the GLA in April 2017, and that government would “explore with London options for moving to 100% business rates retention ahead of the full roll-out of the business rates reforms”
- DCLG and the LGA were publishing a series of discussion papers on the business rates devolution reforms very shortly, ahead of the main summer consultation
- The Budget also saw significant announcements to help small businesses from 2017, and the indexing of business rates to CPI rather than the higher RPI inflation measure from 2020: both would impact on local government funding
- While it was announced that local government would be fully compensated for the cost of these measures it was not yet clear how
- Other relevant Budget announcements for London local government were:
 - Additional funding of £500 million to help the transition to a National Schools Funding Formula (nationally over the course of the parliament) and
 - Further cuts of £3.5 billion to departmental spending in 2019-20, but there was no indication that this would affect the 4 year funding allocations set out in the recent local government finance settlement.

Cllr Teresa O'Neill (Conservative, Bexley) asked that Education issues such as where the responsibility would lay for school places and SEN in the future should be picked up in London Councils' work going forward.

Cllr Carr welcomed the move towards local authorities becoming financially independent but commented about the detail of this transition.

Leaders' Committee agreed to note the report.

7. Introduction of the National Funding Formula for Schools

The Chair informed Leaders' Committee that, in the absence of the portfolio-holder (Cllr Peter John) he would introduce the report, which he did as follows:

- London Councils had:
 - Undertaken indicative modelling based on the published criteria, which showed that London could lose £245m per year under a NFF
 - Estimated that the Government would need to find £521m a year to level up funding and a joint letter with the Mayor of London had been sent to the Secretary of State for Education to make the case to protect London's schools.
- The Chancellor had announced an extra £500m core funding for schools to ease the transition to the NFF by 2020, which it was understood would be used to accelerate funding to authorities which stood to gain under a NFF, while not accelerating reductions in funding to authorities that stood to lose out
- This additional funding was not sufficient to ensure that no school in London lost funding as a result of the introduction of the NFF. London Councils was proposing to continue to lobby government to level up the funding, including writing to the Chancellor to influence how the extra £500m would be allocated.
- Among the consultation proposals, the DfE planned to fund schools directly from 2019/2020, removing local authorities from the allocations process
- London Councils planned to respond to the consultation informed by the Association of London Directors of Children's Services
- In addition, the DfE had published a white paper *Educational Excellence Everywhere* that set out how it intended to make every school in England an academy; this would have considerable implications for local government's ongoing role in education. There would be further reports to Leaders' Committee on this white paper.

Cllr Richard Watts (Labour, Islington), Mayor John Biggs (Labour, Tower Hamlets), Cllr Julian Bell (Labour, Ealing, TEC), Cllr Theo Blackwell (Labour, Camden), Cllr Ravi Govindia

(Conservative, Wandsworth), Cllr Lib Peck (Labour, Lambeth, Crime and Public Protection) and Cllr Nick Paget-Brown (Conservative, RB Kensington and Chelsea) made comments including the following:

- London schools were not only the most improved in the UK but the whole of the developed world
- Seventy per cent of schools budgets were spent on staff and any reduction in budget would result in fewer staff
- Forced academisation would make it more difficult for schools to cope with the reduction in staff caused by budget changes
- A drop in standards commensurate with the reduction in staff would jeopardise London's place as the power-house of the British economy
- Local authorities were currently disposing of assets to fund capital outlays on school buildings, they would be unlikely to do that in future if schools were taken out of their hands via forced academisation. Would there be a national capital strategy?

Leaders' Committee agreed to support the next steps and lobbying position set out in the report.

8. London Councils Challenge

The Chief Executive introduced the report saying that it explained the process of developing the London Councils Challenge.

Leaders' Committee agreed to note the London Councils Challenge process aimed at helping inform the organisation's thinking about what London local government required from London Councils over the next five years.

9. Business Plan 2016/17

The Chief Executive also introduced this report. Following a series of meetings between the Chair and portfolio-holders, the business plan had been developed. The report detailed the

themes, projects and work programmes which would form the content of London Councils Business Plan for 2016/17.

The draft business plan and work programmes had been considered by the Executive on 1 March 2016.

Leaders' Committee agreed to note the content of London Councils Business Plan for 2016/17.

10. Minutes and Summaries

The Chair invited comment on the minutes and summaries included in the papers and Cllr Carr posed a question of the chair of TEC, Cllr Julian Bell concerning the minutes of the TEC Executive Sub Committee of 11 February 2016. Cllr Carr referred to section 7 of report item *5 Month 9 Revenue Forecast 2015/16* discussed at that meeting of the TEC Executive which stated:

After taking into account the forecast surplus for 2015/16 and known commitments for both 2015/16 and 2016/17, general reserves are forecast to be £2.158 million, which equates to 18.5% of budgeted operating and trading expenditure of £11.673 million for the current year. This figure exceeds the Committee's revised formal policy on reserves, agreed in December 2015 that reserves should equate to between 10-15% of annual operating expenditure.

Cllr Carr asked why TEC reserves were currently being maintained at 18.5% rather than the agreed 'formal policy on reserves' figure of between 10-15%, and suggested the excess level of reserves should be repatriated to boroughs.

Cllr Bell replied that TEC had agreed a figure of 15% but the projected out-turn for 2015/16 exceeded this figure and the TEC Executive was keeping the reserves figure under review. There had been a fair degree of volatility in trading activity during 2015/16 and the period up to 2020 would see a further round of Freedom Pass renewals. TEC was anxious to keep a level of reserves that would be able to cope with any financial uncertainty that may come out of that process.

The Director of Corporate Resources pointed out that the projected 3.5% differential between 15% and 18.5% amounted to around £400,000 and the Chair pointed out that that equated to about £13,000 per borough. Cllr Carr responded by making clear that his was a point of principle, his argument was that if 15% was the correct level then anything above that should go back to boroughs.

The Chair suggested, and Leaders' Committee agreed, that Cllr Bell should be asked to look at this matter again after the outturn figures for 2015/16 had been reported and come back to committee with justification if he still thought 18.5% was the appropriate level of TEC reserves.

With that caveat Leaders' Committee agreed to note the minutes and summaries of:

- GLPC – 22 October 2015
- Executive – 19 January
- TEC Executive – 11 February
- CAB – 18 February
- YPES – 25 February
- Executive – 1 March

The meeting resolved to exclude the press and public.

The meeting ended at 12:45.

Action Points

Item		Action	Progress
5.	Devolution and Public Service Reform – Update <ul style="list-style-type: none"> • Update reports would seek to include relevant appendices detailing specific activities in each of the council groupings pursuing elements of the devolution and reform agenda 	PAPA Strategic Policy	Officers supporting the borough groupings have been invited to contribute updates for Leaders' Committee to consider at the June meeting.
10.	Minutes and Summaries <ul style="list-style-type: none"> • Cllr Bell to consider level of TEC reserves and bring back a report justifying any level above 15%. 	PAPA T&E	In hand