

# Leaders' Committee

7 June 2016 – 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 10:00

Political Adviser: 07977 401955)

**Conservative Group:** Room 5 10:00

(Political Adviser: 07903 492195)

**Contact Officer:** Derek Gadd

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**Lunch will be provided in Room 1 for members after the meeting**

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### **\*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

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The Chairman to move the removal of the press and public since the following items are exempt from the Access to Information Regulations. Local Government Act 1972 Schedule 12(a) (as amended) Section 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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# 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.<sup>1</sup>

### **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)

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<sup>1</sup> 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.	<b>Devolution and Public Service Reform – Update</b> <ul style="list-style-type: none"> <li>• 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</li> </ul>	<b>PAPA Strategic Policy</b>	Officers supporting the borough groupings have been invited to contribute updates for Leaders' Committee to consider at the June meeting.
10.	<b>Minutes and Summaries</b> <ul style="list-style-type: none"> <li>• Cllr Bell to consider level of TEC reserves and bring back a report justifying any level above 15%.</li> </ul>	<b>PAPA T&amp;E</b>	In hand





# Devolution and Public Service Reform – Update

## Introduction

1. London Borough Leaders have driven a programme of work over the last two years in pursuit of devolution and reform of public services in London, working closely in partnership with the Mayor of London and the GLA. This led to the development of the London Proposition which set out practical ideas for further devolution to London in support of public service reform.
2. This report notes progress on key components of the London Proposition for devolution, including in relation to:
  - Employment
  - Skills
  - Health (including the London health pilots).

This encompasses continuing negotiations and preparations for implementation as a result of announcements made as part of Spending Review 2015.

3. The March 2016 meeting of Leaders' Committee invited council groupings pursuing elements of the reform and devolution agenda to provide reports to future meetings encapsulating progress in each of the appropriate groupings. In response to this invitation, officers working for the following groupings have provided short reports which are attached as Appendix A:
  - Central London Forward.
  - Local London
  - South London Partnership.
  - West London Alliance.

## Progress on Employment Support Devolution

4. Within the London Proposition, submitted to the Government in September 2015, London government proposed 'central and local government jointly designing and commissioning employment support for disadvantaged residents in London, on a sub-regional basis reflecting local priorities. This would use the framework of devolution to achieve extra investment and meaningful integration of support around an agreed cohort.'



5. The Government has given a commitment to London in relation to the new Work and Health Programme that will launch during 2017. The Government's specific commitment, made as part of the Spending Review announcement, is that the Mayor of London and London boroughs will jointly commission employment support (outside the Jobcentre Plus regime), to assist the very long term unemployed and those with health conditions and disabilities to (re)-enter work.
6. London Councils, boroughs, borough groupings and GLA officials have been in discussion with DWP to develop an agreement about how the Work and Health Programme will be designed, commissioned and procured in London. The agreement is still in draft and has not been fully agreed with DWP ministers. It sets out the principles of DWP and London boroughs working together, as well as the different roles and responsibilities at each stage of programme development and implementation. Key points to note about the proposed agreement are:
  - London, via its sub-regions, will lead the design, development, commissioning and management of the Work and Health Programme, working with DWP;
  - DWP will lead the development of the national Work and Health programme and there will be core minimum policy and commercial design elements of the programme in London that are consistent with the national programme;
  - Within this framework, sub-regions will design and procure the Work and Health programme, to reflect local priorities and to enable the alignment and integration of local services with the programme. This means there will be four separate programmes in London, operating within a national framework;
  - DWP and London are exploring how to set up joint governance arrangements for the programme and to work together to evaluate and share learning from the programme.
7. This means that London government is set to secure many of the features of the London Proposition, including much more control and influence over the commissioning of national employment support programmes, tailored to the needs of borough groupings.
8. The indicative national timescale is challenging and will require swift mobilisation of resource and capacity within the sub-regions, with the procurement process starting in summer 2016 and the Invitation to Tender being issued in Autumn this year, with the

provision starting in Autumn 2017. There are a number of outstanding issues around the programme that still need to be resolved, including:

- Detailed governance, performance management and evaluation arrangements.
  - Attracting European Social Fund (ESF) resources to the programme, potentially working through the GLA and borough groupings.
  - The formal chain of accountability and transfer of funding.
  - The administrative costs of managing the programme.
9. The agreement with DWP will be considered by Leaders at the sub-regional level, aiming for final consideration by Leaders' Committee in July 2016. It will also need to be agreed by DWP ministers.

## **Progress on Skills Devolution**

10. London Councils and the GLA continue to have discussions with the Government on skills devolution, with a view to concluding negotiations before July 2016.

11. The Government has indicated that the Adult Education Budget (AEB) will be devolved to London government from 2018/19 onwards. The AEB currently amounts to approximately £400m based on 2014/15 allocations in London. London government would need to meet current statutory entitlements<sup>1</sup> using this funding, but would be free to create additional entitlements and set outcome measures. In addition, relevant powers<sup>2</sup> may also be transferred from the Secretary of State to the Mayor.

12. Government has set out a high level, staged process for devolution of the AEB over a three year period:

- I. In the 2016/17 academic year localities will have the opportunity to develop delivery arrangements with grant funded providers about what should be delivered in return for allocations;
- II. For the 2017/18 academic year, the Government will work with devolved localities to vary the block grant allocation made to providers via local

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<sup>1</sup> To first full Level 2 qualification, English and Maths to Level 2 and first full Level 3 for 19-23 year olds

<sup>2</sup> Under the Further and Higher Education Act 1992.

outcome agreements. However, recent discussions with government suggest that the ability to flex this funding could be limited;

- III. From 2018/19 there will be full devolution of funding. Devolution will be subject to a number of 'readiness conditions' being in place. These are set out in Appendix 1. A funding formula for calculating the size of the grant to each devolved area will be developed, taking into account a range of demographic, educational and labour market factors.

13. The London proposition proposed a two tier commissioning system for the devolution of adult skills funding – at a pan-London and a sub-regional level. Commissioning at the sub-regional level provides the opportunity to join up employment and skills activity across London.

14. London Councils and GLA officers are continuing discussions with Government officials on the following issues before making recommendations about any skills devolution deal:

- Making the case for sufficient administrative resources to be devolved alongside the Adult Education Budget so there can be effective management;
- Being clear on the extent of any financial risk that could be transferred to devolved areas;
- Being clear on the system requirements for managing the AEB and whether there will initially be access to any systems or services within the Skills Funding Agency (SFA).
- Ensuring that London receives a fair share of resources through any new funding methodology for the AEB.

15. The Government has indicated that devolution of apprenticeships funding (where funding follows the learner) and 16-18 funding are not being offered as part of any devolution deal. However, officers will continue to discuss how London government can influence this funding in the capital, alongside adult learning loans, as part of any skills devolution deal.

## **Progress on Health and Care Devolution**

16. Two public agreements on health and care were concluded in December 2016:

- I. A London Health and Care Collaboration Agreement between London Partners, CCGs, London boroughs, the Mayor of London, NHS England in London and Public Health England in London
- II. A London Health Devolution Agreement between the Chancellor, Mayor of London, the Chief Executive of the NHS, the Chair of

London Councils, the Secretary of State for Health, the Chair of the London Clinical Commissioning Council and the Chief Executive of Public Health England

17. The London Health and Care Collaboration Agreement describes the role of five pilots in delivering transformation across London:

- Sub-regional care transformation – Barking and Dagenham, Havering and Redbridge
- Sub-regional estates – Barnet, Camden, Enfield, Haringey and Islington
- Local care integration – two pilots – one in Hackney and one in Lewisham
- Local prevention – Haringey

Pilots will be running, with engagement and support from national bodies, by April 2016. Over the next year, they will develop transformation plans and co-produce business cases for devolution to unlock these. London devolution pilots are due to report on progress and emerging asks by the end of 2016.

18. The Collaboration agreement also sets out the commitments made by each of the London partners to meet the aspirations of the programme. Specifically, the Mayor commits to ensuring that the London Land Commission supports work to transform the health and care estate and to lead engagement with Londoners on the future shape of the health and care system in the capital. London boroughs and CCGs commit to working towards the success of the pilots in their areas, while in other areas the commitment is to prepare for the swift transfer of learning from pilots areas to the rest of London.

19. The London Health Devolution Agreement describes agreements to jointly explore reform and devolution across six areas: capital and estates; system finances; provider regulation and inspection; workforce and skills; transformation funding; public health; and, employment and health. Detailed work in each of these areas will emerge over the course of 2016.

20. Taken together both agreements present a significant programme of work for London boroughs engaged in the devolution pilots and will require governance at a borough, sub-regional and pan-London level. pan-London Devolution Programme Board is being set up, comprised of senior officers across partner organisations and accountable to the London Health Board.

21. The London health and care devolution and collaboration initiatives are taking place against the background of the NHS's own national planning exercise which is rooted in the 'Forward View'<sup>3</sup> and manifested in the Sustainability and Transformation Plans (STPs) which local health and care systems are required to submit by the end of June 2016. The national guidance for this place-based planning approach states that STPs must demonstrate the local vision for better integration with local authority services, including prevention and social care, "reflecting local agreed health and wellbeing strategies". The STP process is the subject of a complementary report on today's agenda.
22. There is a clear intersection between the goals of the devolution pilots and the STP process and the latter may be the key to unlocking funding and organisational support for devolution. The challenges presented by the STP process, including the ambitious pace and the array of national requirements, pose potential obstacles to building local plans which reflect local ambitions for devolved and responsive approaches. Nevertheless, given the importance of STPs to the future transformation of health and care in the capital, it is likely that London local government will want to maximise its impact on the process through local and sub-regional health working with health partners.

## **Progress on Crime and Criminal Justice**

23. The London Proposition presented a number of proposals for the devolution of crime and criminal justice responsibilities to London, including: the integration of London's blue light services, oversight of probation and a proposal to test the devolution of youth justice budgetary, performance and commissioning responsibilities to the capital.
24. Progress in both these areas has been influenced by developments at a national level, including the Secretary of State for Justice's ambitions for wider reform of the criminal justice and prison systems.
25. The London Crime Reduction Board has a long established goal of securing oversight of the commissioned community rehabilitation (probation) service in London and the Board recently discussed the potential of developing a collaborative approach to youth

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<sup>3</sup> 'Delivering the Forward View: NHS Shared Planning Guidance 2016/17 – 2020/21'

justice devolution in London. It is likely that further discussions involving London boroughs, London Councils and MOPAC will take place in the context of both the Charlie Taylor review of youth justice, which was commissioned by the Ministry of Justice, and the emerging priorities of the Policing and Crime Plan which the Mayor's office will develop throughout 2016/17.

## **Conclusion**

26. Substantial progress has been made on proposals for devolution and public service reform across a number of areas contained in the London Proposition. Continued engagement by officers from London boroughs, London Councils and the Greater London Authority will be needed to ensure momentum is retained in the coming months.

27. In the medium term, it may be appropriate to consider reviewing progress of the London Proposition with the Mayor of London, and contemplating potential next steps, within the forward programme of the London Congress and the London Congress Executive.

## **Recommendations**

Leaders' Committee is asked to:

1. Note the progress in relation to:
  - Employment
  - Skills
  - Health ( including the London health pilots)
2. Note the work which is progressing within boroughs and council groupings pursuing elements of the devolution and reform agenda.

## **Financial implications for London Councils**

None

## **Legal implications for London Councils**

None

## **Equalities implications for London Councils**

There are no direct equalities implications for London Councils as a result of this paper.

## **Attachments**

APPENDIX 1 - updates from the following borough groupings:

- Central London Forward
- Local London
- South London Partnership.
- West London Alliance.

**Updates from Borough Groupings on Progress In Relation to Public Service Reform And Devolution****A) Central London Forward**

Central London Forward's focus is on Jobs, Skills and Growth and for the purposes of this update our existing progress is exclusively on employment and complex dependency and skills devolution. Health and Criminal Justice is not being taken forward through CLF.

**Working as part of a new partnership**

- In line with the agreement of London Council's and the CLF Board CLF officers have extended our existing partnership to include the boroughs of Haringey, Tower Hamlets, Hackney and Lewisham for the purposes of employment and skills devolution. This new working relationship is still embryonic and progress on joint work is accelerating as we get deeper into the Area Based Review of Skills and now that we are closer to agreeing a deal on the Work and Health Programme.
- Due to the nature of this new partnership officers are working on establishing governance arrangements that are inclusive and provide all boroughs with the ability to input into decisions and policy direction at both officer, Chief Executive and leader level.

**Area Based Review and skills devolution**

- The Central London Area Based Review has met twice and will be meeting for a third time in June. Early progress has been made on curriculum analysis and our colleges are working together to create a framework for rationalization, specialization and an annual cycle for curriculum planning in collaboration with local authorities.
- Mergers are in discussions across the wider geography with strong progress being made in the North and East of the Central London area. Further work is required across South Central.
- As part of the review CLF and the wider partnership has developed a new framework to understand economic demand and employer need drawing on local sectoral expertise and the creation of Key Sector Panels focusing on Health and Social Care, Construction, Retail and Hospitality, and Emerging Sectors in phase 1. The panels will consist of analysts, LAs, groups of employers (HR Managers) and college curriculum planners and tasked with producing skills needs and priorities and reforms to meet the needs of employers. It envisaged that the relationships created through these Panel's will form the basis of future collaboration between key actors for that sector.
- Officers will be working up a wider set of key themes to inform the final recommendations of the ABR. These will be discussed by leaders and officers in the coming months and are likely to focus on areas to improve teaching quality, models of pastoral care, Information, Advice and Guidance, apprenticeships (and the apprenticeship levy), a future planning cycle for skills and borough, employer and college collaboration.



## Work and Health Programme

- Following recent progress on the Work and Health Programme in April officers have set up an initial information and ideas workshop to develop the underpinning policy to inform the development of the new programme on 18 May.
- A Programme Board chaired by a Chief Executive will be established to enable progress and decisions to be made in the development of the new programme. It is our intention to build on the CLF's Working Capital model for the new programme.
- Officers are developing an accountability framework following advice from DWP and DCLG to prepare the partnership to receive HMG funds. This will include the creation of a single accountable Local Authority for the funding and procurement of the Work and Health Programme with financial and reputational risk shared across the partnership.
- A Special Board Meeting will be arranged to agree the strategic direction and key principles of the New Programme that includes Leaders of the wider partnership. The Programme Board will report into this group.

## Working Capital

- As part of the Growth Deal in 2014 the Government and CLF agreed to develop Working Capital as a precursor to further devolution. This programme went live in September 2015 and is in its first year of delivery. An interim process evaluation will be published in July

## **B) Local London**

### Governance

- The eight boroughs of Local London have agreed to establish a formal joint committee. By the end of July 2016 all boroughs will have taken the decision through their Council/ Cabinet process.
- Local London is also in the process of recruiting a director for the partnership. It has been agreed that Redbridge will be the accountable body and Sir Robin Wales was nominated as the chair of the partnership.

### Health and Work

- Local London continues to engage with discussions between the other sub-regions, London Councils and DWP regarding the devolution of the Work and Health programme. Leaders of Local London continue to have concerns about the current ambition of the devolution proposals. They are keen to ensure that the outcome includes the flexibility to meet the needs of the different boroughs in the sub-region and complements existing services in the area. Local London is committed to a truly devolved system rather than a limited co-commissioned model.
- In March, Local London commissioned the Learning and Work Institute to explore the skills and jobs challenge in the sub-region; identify existing education, training, and employment support across the eight boroughs; and propose opportunities and

options for how to benefit from devolution. This work is helping to inform the sub-region's position on devolution models which is in turn supporting its position on discussions with DWP and the rest of London.

### Skills

- As part of the area review process the local authorities in the Local London partnership have been working closely with the FE and Sixth Form Colleges to develop ambitious proposals for skills provision across the sub-region. While the immediate goal is on delivering the necessary information and proposals for the area review, all partners are committed to working towards the longer term goal of devolution and establishing a skills system that meets the significant demands of a growing population and the future needs of employers in the sub-region.

### Health

- Barking & Dagenham, Havering and Redbridge along with health partners are continuing to develop plans for the pilot health devolution programme. As this work progresses they will be sharing learning with the other boroughs in the sub-region. Outside of the formal devolution pilots boroughs continue to be involved in a range of programmes focused on improving health services including the Transforming Services Together programme, Integrated Care coalition, and Healthier Children Healthier Place scheme.

## **C) South London Partnership**

The South London Partnership's priorities for 2016/17 are growth, skills, jobs and health and care.

### Growth

- Following publication of a high level Growth Prospectus "Distinctly South London" in April, the partnership is now developing its future sustainable growth proposition. By the autumn we will have explored the contribution that South London can make to the London and wider South East growth agendas, supporting its current and future residents. As well as identifying the partnership's priorities for joint work to further our growth opportunities, we will be seeking engagement and deals with the new Mayor of London, government and others to enable this.

### Skills

- The South London post-16 education and training area review is underway, having had two meetings of the formal Steering Group, chaired by Councillor Dombey. This followed a series of informal discussions with colleges. As well as the area review enabling joined up consideration of the needs and college offer in South London, and prompting consideration by the colleges of the organisational implications of these in their future sustainability planning, we are aiming to use this process to develop a strategic partnership with the providers across the sub-region. This will identify useful joint working to support growth opportunities and address

other employer challenges, including for the public sector. Engagement with employers is being planned to inform the area review and shape practical collaboration with them on particular skills challenges.

### Employment Support

- SLP Leaders will consider the agreement with DWP on devolution of the Work and Health Programme on 14th June. In the meantime, officers are developing the shape of the South London programme and the delivery and governance arrangements for it, to meet the procurement timeline.

### Health and Care

- SLP is working with Wandsworth on health and care, reflecting the NHS sub-regional geographies. Leaders approached South West London CCGs in January about establishing a new sub-regional collaboration on health and care. A meeting of Leaders and CCG Chairs in March has led to the creation of a Collaborative Leadership Group to build this, including through engaging in the development of the South West London Sustainability and Transformation Plan (STP). Four specific areas for developing co-produced approaches between boroughs and the NHS have been identified: care markets, diabetes, dementia and estates. Ongoing officer engagement in shaping key aspects of the STP sub-regionally as well as through local discussion is supporting a strengthened focus on prevention, early intervention and integrated care closer to home in the STP.

## **D) West London Alliance**

West London Alliance is a partnership of seven West London councils - Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, and Hounslow  
Summary of recent activity on devolution and public service reform:  
Growth, Employment and Skills.

The West London Economic Prosperity Board (WLEPB) (joint committee) is overseeing a cross cutting plan to drive forward the ambitions outlined in the West London Vision for Growth. The action plan covers core themes of Housing; Skills, Employment and Productivity; Infrastructure; and Business Engagement and Support.

West London boroughs have made good progress in developing more integrated local employment and skills programmes. Groups of boroughs are delivering and evaluating Transformation Challenge Award funded projects including the Skills Escalator; Working People, Working Places and Opportunities for Young People. These projects are ready to be scaled-up using ESF funding.

The Mental Health Trailblazer will pioneer an alternative and more effective way to provide integrated health and employment support to residents with low to moderate mental health needs. The second phase of procurement has taken place and preferred suppliers for Barnet and Harrow have been agreed. The programme is still awaiting GLA and LC ESF

funding agreement to go live and the learning from the programme is already informing discussions on the NWL STP (see below).

The WLEPB was established in part to provide stronger governance to maximise the opportunities from devolution and has provided leadership to guide the Post 16 Education and Training Area Review and commissioning of the Work and Health programme. At its next meeting on June 8th the WLEPB will review the growth action plan and decide whether to amend its terms of reference to ensure it can agree contract award for the West London Work and Health programme in 2017. Ealing Council will decide at its June Cabinet meeting if it will be the lead borough for the procurement.

The post-16 education and training area review Steering Group has met three times and is chaired by Cllr Curran. Detailed discussions are ongoing to review the appropriate curriculum offer and explore options for institutional rationalisation, in partnership with West London FE colleges and ACL providers, and to align with the wider London review.

### Health and Care

The North West London Sustainability and Transformation Plan (NWL STP) covers 6 of the seven core WLA boroughs plus Kensington and Chelsea and Westminster. WLA have commissioned work to outline the 'scale of the opportunity' through the NWL STP including reviewing BCF plans, pulling out common themes and starting to shape the content using reference groups focussed on prevention, integration and finance.

NWL local government partners are working together to ensure that the final STP acknowledges the need to allow local government leadership over NHS reconfiguration. The 'base case' submission in April included proposals for a NWL Health and Wellbeing Board that are being developed to deal with the democratic deficit.

# Leaders' Committee

## Business rates devolution for London      Item    5

**Report by:** Guy Ware      **Job title:** Interim Director: Finance, Performance & Procurement  
**Date:** 07 June 2016  
**Contact Officer:** Guy Ware  
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### Summary

Leaders Committee in December 2015 agreed a set of overarching ambitions for the potential devolution of business rates to London, and established a small working group to oversee the development of proposals. Since then further details of the Government's thinking have emerged, including the commitment set out in the March 2016 Budget to "explore with London options for moving to 100% business rates retention ahead of the full roll out of the business rates reforms." Government intends to consult formally on the approach to business rate devolution in July 2016.

This report sets out the latest position and seeks Leaders' endorsement of a 'statement of principles' for the design and management of devolved business rates in London, as the basis for a potential joint submission with the Mayor of London to Government before the end of June.

### Recommendations

Leaders are asked consider the report and to:

- (1) amend and endorse as appropriate the 'statement of principles' for business rate devolution in London, as set out in Appendix 2
  - (2) seek agreement with the Mayor of London to submit the statement of principles jointly by the end of June, and to delegate final approval of any significant amendments required elected officers via the urgency procedure
  - (3) note that there will be ongoing discussions to explore with Government the early introduction of elements of business rate devolution in a London 'pilot'.
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## Business rates devolution for London

### The Government's reform proposals

1. In October 2015, the Chancellor of the Exchequer announced substantial changes to the way local government will be funded by 2020<sup>1</sup>. The full £26 billion of business rates collected each year will be devolved to local government (100 per cent retention), RSG will be abolished and local authorities will be expected to deliver additional responsibilities with the extra net funding these changes imply. The uniform (national) business rate will be abolished and local authorities will be able to reduce business rates locally to attract businesses. Areas with city-wide elected mayors will be able to levy an increase in business rates (up to a 2 per cent cap), subject to a majority vote of the business members of the LEP.
2. Subsequent announcements in the November Spending Review, the Local Government Finance Settlement in February 2016, and the March 2016 Budget added some detail to the proposals and made changes to business rates which will impact on the future scheme. In summary:
  - Current spending plans include £2.3 billion of RSG in 2019/20; this will be replaced by retained business rates by 2020.
  - Services identified as possible candidates for transfer to local funding included support for people currently receiving Attendance Allowance, the administration of Housing Benefit for pensioners and TfL's capital grants. The transfer of TfL capital grant of approximately £1 billion p.a. from April 2017 was subsequently confirmed in the March Budget.
  - The introduction of 100 per cent retention will be underpinned by a review of needs assessment – which will be required to support future “top up” and “tariff” arrangements to balance councils' resources and relative need to spend.
  - The temporary relief for small businesses was made permanent and the thresholds at which businesses become liable for the tax were increased; the combined effect of these changes will be to reduce the overall taxbase by about £1.5 billion by 2019-20. This will reduce the level of additional responsibilities that can be transferred to local government and funded from retained rates; in the meantime the Government will compensate councils for the loss of income within the current system.
  - From 2020 the rate at which business rates increase will be changed from the Retail Price Index (RPI) to the – generally lower – Consumer Price Index (CPI). As a result the resources available to local government (before taking account of any

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<sup>1</sup> <https://www.gov.uk/government/news/chancellor-unveils-devolution-revolution>

growth or decline in the economy and the business rate tax base) will grow more slowly than would otherwise have been the case. Based on the OBR's current projections for the difference between RPI and CPI in 2020-21, we estimate that by 2040 business rates could be around £9 billion a year lower than they would otherwise have been – a cumulative loss of nearly £80 billion over twenty years.

3. The March 2016 Budget also announced the Government's desire to "explore with London [along with Greater Manchester and Liverpool] options for moving to 100% business rates retention ahead of the full roll out of the business rates reforms."

### **Context – the current business rates retention system**

4. Introduced in 2013-14, the current business rates retention system sees 50 per cent of business rates collected by boroughs pooled centrally by government and used to fund Revenue Support Grant (RSG) and other specific grants. In London, the remaining 50 per cent is split between the GLA (20 per cent) and local billing authorities (30 per cent). A system of equalisation sees 25 boroughs receiving a top up from, and 8 paying a tariff to, central government, in order that boroughs receive an amount assessed by government as meeting their needs (the funding baseline).
5. Any business rates growth above the expected baselines is split between central government, the GLA and the local authority in proportion to these shares, with tariff authorities paying an additional levy to government, capped at 50p in the pound. For authorities that do not achieve the baseline target there is a safety net, which means that an authority cannot lose more than 7.5 per cent of its funding baseline in any one year.
6. London boroughs currently collect £6.6 billion p.a. in rates, with the GLA retaining £1.3 billion and boroughs collectively retaining £2.0 billion prior to top-up and tariff adjustments. However, a number of limitations with the current system, notably the negative impact of business rates appeals, mean boroughs may not achieve these targets in full. London Councils has consistently argued that the current retention scheme fails to sufficiently incentivise growth: this is confirmed by the lack of substantial growth in overall retained rate income across London, and the lack of correlation between growth and rates retained by individual boroughs, since the introduction of the system.
7. Under the current arrangements, the relative needs and resources of the boroughs are broadly balanced: their top-ups and tariffs net out to a small aggregate top-up of £13 million. In addition the GLA pays a tariff of £358 million. As a result, the combined London tariff



results in just over 10 per cent of London's "retained" rates flowing out of the capital to support the rest of England, leaving approximately £3 billion to support London's services.

8. However, the revaluation of business rates planned to take effect from April 2017, will significantly alter this picture. Although there will be some differences between boroughs and between commercial sectors, the GLA currently estimates that the revaluation could increase the business rates payable in London by up to £1 billion. Under the current system the overall national take from business rates will not be affected by the revaluation – a relative increase in London values will lead to a corresponding reduction in rates elsewhere in the country, leading in turn to an increase in London's tariffs, and a greater proportion of London's rates "topping up" spend elsewhere. Without corresponding changes in the accountability for, and management of, business rates, this change could generate considerable concerns for the relationship between London's government and its business ratepayers.

## **The process of reform**

9. The Department for Communities and Local Government and the Local Government Association have established a joint Steering Group to develop proposals for consultation and implementation. The Steering Group is supported by four Working Groups focussing on:
  - Needs and redistribution
  - System Design
  - Additional responsibilities
  - Accounting and Accountability

The groups are jointly chaired by CLG and the LGA, and the papers published on the LGA website<sup>2</sup>. London Councils, the Society of London Treasurers and the GLA are represented and actively involved in the work of each group.

10. The Government intends to consult in July 2016 on the issues that will require legislative change (largely the technicalities of the business rate system) and on priorities for the transfer of responsibilities (which may require legislation where statutory duties are devolved). Work on the needs and redistribution model is expected to take longer, with substantive consultation in Summer 2018, leading to overall implementation of a 100 per cent scheme in 2019-20.
11. Leaders' previously expressed ambition for reform (see paragraph 13 below) incorporates substantial elements of devolved control over the setting, collection and distribution of

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<sup>2</sup> <http://www.local.gov.uk/business-rates>

business rates. We have been working on the assumption that we would need to set out a collective outline proposition for London devolution to Government in advance of this summer's consultation in order to ensure that the consultation can reflect – or at least not preclude – London's proposals.

12. As noted above, the Government is also keen to explore ways to pilot the introduction of the scheme ahead of full roll-out. Such pilots could not realistically include substantial devolution of control that required legislative change. However, we will review the work undertaken so far, and the design principles set out in in this report, to assess the potential for early implementation of parts of the system.

### **London Councils' ambitions for reform**

13. At its meeting on 8 December 2015, Leaders Committee considered a report setting out the Government's announcements to that point, the way the current 50% retention scheme works, and a set of issues to be taken into account in developing a proposition for a devolved business rates scheme for London. In summary, Leaders endorsed four overarching ambitions for the proposed reforms, stating that rates retention and the transfer of responsibilities should:

- Be contingent on improvements to the business rates system
- Support London's ambitions for devolution and public service reform
- Support the devolved governance of London
- Be the start, not the end, of fiscal devolution

14. Leaders further agreed to establish a small working group, chaired by Mayor Jules Pipe, to oversee and provide political direction to the work of developing proposals and seeking joint agreement with the Mayor of London. The group includes Councillors Kober, Perry, O'Neill, Roe and Dombey; it has met three times, supported by an officer group with input from Chief Executives, Treasurers and the GLA. The group's terms of reference are attached as Appendix 1.

15. Discussions with CLG civil servants indicated that the Government would be keen to consider a proposal for a regional approach to devolving business rates to London. This was confirmed by the Secretary of State for Communities and Local Government, Greg Clark, in a meeting with Mayor Pipe and Cllr O'Neill in January 2016.

16. The former Mayor of London confirmed the GLA's commitment to joint work on a collective proposition for London at a meeting of the Congress Executive on 1 March. GLA officials have signalled to the new Mayor the need for early consideration of an outline proposal if a preliminary submission is to be made ahead of the consultation timetable.
17. The Leaders' working group has considered both the overall rationale for seeking a collective devolution deal for London, and each of the key issues that would need to be addressed to design and manage a system that could achieve London's ambitions. Emerging ideas and proposals have been widely discussed with Chief Executives, Treasurers and GLA officials. Group Leaders have also shared the draft paper on an informal basis in recent weeks.
18. The Government's ambition is to increase growth by incentivising local authorities. London's continued economic growth is vital to the country as a whole, but needs to be managed. Devolving business rates will help build and underpin a collective, London-wide approach to incentivise, prioritise and manage both the infrastructure investment and the public services London needs to continue its contribution to the public life and economic success of London and the UK.
19. London's population will continue to grow rapidly – and much more rapidly than that of the rest of the country. This brings opportunities and challenges not only in the successful management of the capital's economic growth, but also in securing a sustainable financial future for its public services. In considering the future assessment of relative needs and the package of services to be devolved, it will be essential that a devolved arrangement for London secures genuinely devolved control over a level of resources sufficient to manage the financial risks involved.
20. A set of principles that could govern the design of a devolved London system and its governance is set out in Appendix 2. Subject to Leaders' consideration and endorsement of this statement of principles, the next steps required will be:
  - For the Chair to seek agreement of the Mayor of London for a joint submission of the statement to Government as soon as practicable. If necessary, any significant amendments could be considered by elected officers via the urgency procedure.
  - For officers to explore with CLG officials aspects of the proposals that could be implemented in advance of the wider rollout of business rate retention. Any such pilot proposals would be reported back for consideration by Leaders at a future meeting.

## **Recommendations**

21. Leaders are asked consider the report and to:

- (1) amend and endorse as appropriate the 'statement of principles' for business rate devolution in London, as set out in Appendix 2
- (2) seek agreement with the Mayor of London to submit the statement of principles jointly by the end of June, and to delegate final approval of any significant amendments required elected officers via the urgency procedure
- (3) note that there will be ongoing discussions to explore with Government the early introduction of elements of business rate devolution in a London 'pilot'.

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### **Financial Implications for London Councils**

None

### **Legal Implications for London Councils**

None

### **Equalities Implications for London Councils**

None

## APPENDIX 1

### Devolution of Business Rates Working Group

#### Terms of Reference

##### 1. Context

Leaders Committee on 8 December 2015 considered a report on the issues raised by the Government's proposal to devolve 100% of business rates to local government by 2020. The proposed reforms raise a wide range of complex policy and technical challenges. In order to guide London Councils' work and lobbying, Leaders' Committee endorsed the overarching ambitions that rates retention and the transfer of responsibilities should:

- Be contingent on improvements to the business rates system
- Support London's ambitions for devolution and public service reform
- Support the devolved governance of London Councils
- Be the start, not the end, of fiscal devolution.

Leaders also agreed that London Councils Chair (and Finance Portfolio Holder) Mayor Jules Pipe convene a small group of Leaders, supported by London Councils officials, Borough Chief Executives and Finance Directors, to oversee and provide political direction to this work, and to seek joint agreement with the Mayor of London where appropriate.

##### 2. Membership

###### Elected members:

Mayor Jules Pipe (Chair)	Hackney	Lab
Cllr Claire Kober	Haringey	Lab
Cllr Dave Perry	Harrow	Lab
Cllr Teresa O'Neill	Bexley	Con
Cllr Philippa Roe	Westminster	Con
Cllr Ruth Dombey	Sutton	LD

###### Borough Officers:

Chris Naylor	Chief Executive, CELC Finance Lead	Barking and Dagenham
Nicholas Holgate	Town Clerk	Kensington and Chelsea
Alison Griffin	Director of Finance	Bexley
Leigh Whitehouse	Director of Finance	Kingston-upon- Thames
Duncan Whitfield	Strategic Director of Finance and Governance	Southwark

The group will be supported by London Councils staff.

### 3. Frequency of meetings

To be determined. The group will hold an initial meeting early in 2016. Thereafter, meetings will need to be arranged to support London Council's effective contribution to the Government's implementation working groups and consultation processes.

### 4. Role

The working group is not a decision-making body. Its role is to provide a senior forum for discussion and for political direction to the development, promotion and communication of proposals to achieve Leaders' four overarching ambitions set out in section 1. It will be supported in this role by senior officers from London Councils and the GLA.

Specifically, the working group will:

- Consider and prioritise practical proposals for reforming the business rate system in London. Reforms might include, but not be limited to:
  - The valuation and appeal system
  - Changing the basis of taxation to reflect the value of business activity, not just physical business premises
  - Devolved responsibility for setting the rate multiplier
  - Revision of funding baselines to reflect changes in population-driven demand for services
  - The approach to, and frequency of, revaluations and resets
  - A review of the definition and role of the Central List
  - Flexibility to amend mandatory reliefs
- Develop lobbying positions for the additional services to be transferred to London Government and funded by retained business rates. Such transfers should:
  - Promote the service devolution and reform ambitions set out in the *London Proposition*
  - Be accompanied by a real transfer of control, influence and accountability
  - Promote transparency in the funding of local public services
- Consider proposals and develop lobbying positions in conjunction with the Mayor of London for devolved control and allocation of fully-retained business rates within London. Such regional governance should seek to:
  - Manage the risk of income reductions
  - Maximise the incentives for growth
  - Invest some of the proceeds of growth in solving the problems and ensuring the sustainability of the capital as a whole
  - Ensure an appropriate distribution of resources between all parts of London Government
- Consider London's appetite for, and opportunities to promote, further fiscal devolution, in order to secure control by London Government of a greater proportion of the resources it needs, through a wider variety of sources.

The group will report periodically to Leaders' Committee and the Executive Committee in order to update all Leaders on progress, secure broader input into the debate and to seek approval for emerging proposals where appropriate.

## **APPENDIX 2:**

### **Devolving Business Rates to London: Principles**

#### **1 Context**

Councils in England will collect around £26 billion of business rates by 2020, exceeding the Government's current funding plans for local government by around £11bn. The Government intends to allow local government as a whole to retain the rates, and to maintain “fiscal neutrality” by phasing out Revenue Support Grant and transferring additional responsibilities to local councils to match the resources available. The 2016 Budget indicated that reform of business rate retention will begin in April 2017 with the GLA retaining additional rates of around £1bn to fund TfL capital grants, and the commitment to “explore with London [along with Greater Manchester and Liverpool combined authorities] options for moving to 100% business rates retention ahead of the full roll-out of the business rate reforms.”

London government has long held the view that it should be granted control of a wide range of local taxes, including business rates – a view expressed, for example, in the London Finance Commission report of 2013. London's continued economic growth is vital to the country as a whole; maintaining that growth – and managing a rapid increase in population – will be a huge challenge. Devolving business rates (and other revenue streams) will help build a joint, city-wide approach that can incentivise, prioritise and manage the public services and the infrastructure investment London needs to continue its contribution to the public life and economic success of the UK.

London's population will continue to grow rapidly – and much more rapidly than that of the rest of the country. This brings opportunities and challenges not only in the successful management of the capital's economic growth, but also in securing a sustainable financial future for its public services. In considering the future assessment of relative needs and the services to be transferred, it will be essential that any London deal secures genuinely devolved control over a level of resources sufficient to manage the financial risks involved.

It is clear that fundamental change in the business rate system will now happen: the way the system operates, the way the income is distributed between councils and the services it funds will all change. The Government intends to begin formal consultation in July. In order to inform that consultation and to respond to the opportunity of a “London pilot”, it is therefore imperative that London government agrees a set of principles that would inform the design of each of the key elements of a devolved retained business rate system for the capital.

We expect to work with Government and the other pilot areas to translate these principles into a fully operational scheme and, in doing so, to help inform the development of business rate retention for the country as a whole.

#### **2 “100% retention”**

Nobody is proposing that each individual authority keeps all of the rates it collects irrespective of spending need. Some form of “tariff and top-up” scheme will continue to equalise needs and resources. However, it is not essential to manage that equalisation at a national level: the “fiscal neutrality” principle of matching additional responsibilities to the available resources allows for different approaches in different parts of the country, which would be consistent with the recommendations of the London Finance Commission and in line with local and central government's broader devolution ambitions.

London currently collects £6.6 billion in rates, of which it retains in principle 50%. The needs and resources of the boroughs and the City are broadly balanced: their top-ups and tariffs net out to a small aggregate top-up of £13 million. This reflects the wide disparity of circumstances across the capital. In addition, the GLA pays a tariff of £358 million. As a result, the combined London tariff results in just over 10% of London's “retained” rates flowing out of the capital to support the rest of England, leaving

approximately £3 billion to support London's services.

In future it would be equally possible to design systems in which either London achieves devolved control of business rates whilst continuing to contribute some proportion of those rates to a national system, or where London fully retains 100% of the rates it collects, but where further responsibilities – and therefore spending need – would also be transferred. This would not result in London having extra money to spend on the same services being delivered elsewhere, but in London being required to deliver additional services that are currently funded through other means.

***At this stage, London wishes to explore options that could either fully retain the rates collected or continue to contribute some level of resources to the rest of England.***

### **3 The borough/GLA split**

In principle the allocation of resources should follow the responsibilities to be funded. ***The future split of rate income between the Boroughs and the GLA should as a starting point reflect the agreed package of responsibilities undertaken by each.*** Future revision of that split should be periodically agreed and managed by London government, in line with changes in responsibility over time and any “resets” of the system (see section 6).

However, there may also be an argument – as with council tax – for the Mayor to set a proportion of the rate on a London wide basis, with boroughs setting the largest component. Under such an arrangement, the Mayor might also be able to offer discounts or reliefs on his/her proportion in addition to existing powers which allow the GLA to fund local discounts.

***London would want to explore the relative advantages and disadvantages of options for either a defined, periodically-reviewed split of income between the boroughs and the GLA, or for the establishing a separate Mayoral rate. The choice between such approaches should, ultimately, be a matter for London government.***

### **4 Setting business rates**

The Government has indicated that it wants councils to have the power to *lower* business rates in their area, and for elected city-wide/combined authority Mayors to be able to raise an additional 2p with the support of businesses through the LEP.

London's rate list is different from the rest of the country: it currently accounts for 28% of the national total Rateable Value, but only 16% of the properties. This implies, on average, relatively fewer, larger businesses, which in turn increases the impact of the key risks of appeals, closure and redevelopment within the current system. The make-up of the list is also very different. 45% of London's list by value is office accommodation; only 9% is industrial: for the rest of the country the figures are 15% offices and 27% industrial. At the same time, the picture is very variable *within* London. Three boroughs (Westminster, Camden and Tower Hamlets) and the City account for 50% of the London total; in Lewisham around three-quarters of all premises are below the small business threshold, and, following the 2016 Budget, will no longer pay any business rates at all.

This distinctive pattern underlines the need for a distinctive, devolved approach for London. For the pilot, London is not seeking the further power to *increase* headline rates (other than the future Mayoral supplement which, we would argue, should be in addition to that already agreed to fund Crossrail until at least 2032 in order to support investment in other potential transport and infrastructure projects.) Following successful implementation of a London scheme, however, we would want to return to the issues of full control of rate setting – including the safeguards that would be required to prevent a disproportionate tax burden on business – along with a broader range of fiscal devolution as envisaged by the London Finance Commission.



In order to improve the effectiveness of business rates as a tool in managing economic growth and development, ***London would seek control of other key elements of the way the tax operates, including setting future tax liability thresholds, discounts and reliefs.***

## 5 Revaluation

Business premises will be revalued with effect from April 2017, which is likely to lead to an overall increase in business rates in London. Rating agents' forecasts have suggested that underlying business rates liabilities for London ratepayers in 2017-18 could increase by up to £1.1 billion compared to 2016-17, due to the combined effect of the revaluation and the RPI uplift in the multiplier. Significant variations are expected however across London, with some sectors/boroughs seeing large increases and others reductions – so the impact will not be uniform.

Under the current system, this would lead to a corresponding reduction in business rates payable elsewhere in the country. When business rates were only used to fund local government indirectly, the distributional effect of revaluations had no impact on councils. Under a national retention system, however, a relative increase in London rates would lead to an increase in London's aggregate tariff and a corresponding reduction in the growth rewards and incentives available to the rest of the country. We believe this would distort and undermine the government's policy aim of using business rate retention to promote growth across the country as a whole.

It also limits the ability of London boroughs to benefit from the growth in rental values deriving in part from their investment in making their local areas more attractive as a business destination. This is because, while growth from net new floor space/developments is retained in full, the effect of rental growth at revaluations is not – even though the latter is likely to reflect increased profitability and therefore additional tax revenues for central government. In effect, the business rates tax take in London could increase by over £1 billion in April 2017 – without the GLA/Mayor and boroughs deriving any additional financial benefit (although they are likely to bear the brunt of any complaints from ratepayers).

GLA Economics has estimated that if current differential trends in rental value growth continue, then by 2040 over 60% of all business rates income will be generated in London – double the current rate – unless rates in the rest of the country are allowed to increase at a rate which reflects their own economic investment and growth.

As part of the pilot, ***we would therefore seek to manage future revaluations within London, and to "decouple" their impact from the national system*** in order to prevent the capital's robust property market from continuing to distort the operation of the national system.

## 6 Resets: balancing needs and resources

When the present 50% retention system was introduced it was envisaged that periodic "resets" would recalculate the business rate and funding baselines for each authority, reflecting business growth and changes in relative need during the previous period. It was acknowledged that this would limit the growth incentive by limiting the period in which councils could benefit from any given business development and might introduce perverse effects and incentives in relation to the timing of developments. However, it was considered preferable on balance to ensure that differences between councils' needs and resources did not become too great over time. However, in 2015, the Independent Commission on Local Government Finance concluded that the disparity of needs and resources was as great *within* sub-national regions as across the country<sup>3</sup>, and that regional funding systems were therefore feasible without promoting inequality between them.

As with revaluations, ***we would seek to manage future resets of business rate and funding baselines, and their impact, within London.***

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<sup>3</sup> See [Financing English Devolution](#), page 26

Top-ups and tariffs are currently calculated by comparing the business rates a council is expected to collect (after deducting central and precepting authority shares) with its relative need to spend (expressed in its funding baseline). To underpin the new system the Government intends to review the way relative need is measured: it is anticipated that this work will take two years. London will contribute to the technical work required through its representatives on the joint CLG/LGA Steering Group and working groups.

It is possible that this national review could lead to significant changes in baseline funding allocations for London authorities, including the GLA, and we will need to present a robust case to ensure that key drivers of need in London are adequately represented in the national formula that emerges.

In particular, London's population continues to grow at a much faster rate than that of the rest of the country. Whilst this in part reflects the success of London's economy – and will help deliver its future growth – it also represents a huge challenge to the financial sustainability of London's public services. Both the overall quantum and the distribution of resources within London will need to be sufficient to manage the risks involved.

***While we would not seek to invent a needs formula from scratch, London would wish to be able to vary it over time to reflect London's rapidly-changing circumstances, including significant issues such as housing need, population growth/churn and specific London cost pressures.***

Changing needs assessments inevitably creates “winner and losers” and, depending on the scale of change, may require transitional arrangements to protect councils from too rapid a reduction of funds. In practice, however, such “damping” can undermine the incentive effects of retaining growth, particularly if that growth is top-sliced to fund the damping mechanism. There is no simple solution to this problem, but London has previously expressed a clear ambition to take responsibility for itself for balancing competing priorities within a devolved system.

Translating a relative needs formula into a funding baseline against which business rate baselines can be compared should also take account of the availability of council tax for each authority. In the long run, we would seek the power to amend the way council tax operates within London, where a banding system based on 1991 valuations is no longer fit for purpose, and creates significant distortions and perverse outcomes.

In the short term, however, we recognise the need to incorporate the existing council tax base into the calculation of business rate redistribution within a devolved London scheme.

***London therefore seeks the ability to determine and periodically reset funding baselines for its authorities, taking into account the overall balance between spending need, council tax base, the speed of change and the desire to maintain incentives within a devolved system.***

## **7 Additional responsibilities**

Fiscal neutrality requires the transfer of responsibilities to match the increased resources to be retained by local government. The Government has already announced that the GLA will retain additional business rates to fund TfL's core capital investment grants – estimated at £960 million in 2017-18. Other grants and services that could be funded directly from rates in future have also been explicitly mentioned, including Attendance Allowance, Public Health, and Housing Benefit administration. A variety of other grants and services is currently being considered by civil servants and by the working group: it is clear that there will not be enough money in the system to fund everything that has already been explicitly or informally floated.

It is also important to recognise that the current system does not fully fund all of the responsibilities which local authorities have been required to fulfil. London faces particular pressure, for example, from the costs of homelessness and supporting those with No Recourse to Public Funds. In finalising the package of additional responsibilities at national level, and in any devolved regional settlement, the government must give due consideration to the future impact of these unfunded burdens.

In advance of the 2017 revaluation, however, and of agreement to the proportion of rates to be retained within London, it is not possible to quantify precisely the resources available to fund any package of additional responsibilities for London. As a principle, ***London will seek to prioritise the transfer of responsibilities that maximise its ability to improve the life of Londoners, the effectiveness and efficiency of its public services, and the future economic success of the capital.***

This will include responsibilities that:

- have a direct relationship to business (such as skills and employment support);
- support our existing proposals for devolution and public sector reform (including health and social care integration, skills, employment and crime); and
- help tackle key infrastructure challenges, including housing and transport.

It would not be appropriate or acceptable to transfer the risk of future spending commitments that London government is unable effectively to influence. ***Any transfer of responsibility must therefore be based on a realistic assessment of its in-built spending pressures and be accompanied by a corresponding devolution of policy control.***

In support of its broader ambitions for devolution and public service reform, London would also wish to continue exploring approaches that transferred service responsibilities – and appropriate revenue sources – above and beyond those that could be financed entirely by retained business rates.

## **8 Distributing the benefits of growth**

Under the current 50% retention system, boroughs in theory benefit from 30% of growth in rates in their area above the assumed baseline: 20% goes to the GLA and 50% to Government. In practice, the impact of appeals and the timing of the initial baseline calculations have meant that there has to date been no real correlation between boroughs' economic growth and retained business rate income.

These problems should as far as possible be designed out of the system in the transition from 50% to 100% retention. In the longer run, the retention and distribution system must be capable of delivering greater and more certain rewards if it is genuinely to incentivise growth.

However, London's economy is a complicated system in which different parts of the capital will have different, but inter-related, roles to play. For the economy to keep growing in a sustainable manner, we need to expand the overall business premises capacity, but also to find ways to house, train, transport and provide access to leisure and culture for millions of people around the capital. We may therefore want to use some of the proceeds of growth to facilitate additional investment, and to create targeted rewards that incentivise contributions to the capital's overall success beyond hosting new business properties. The design of these rewards and incentives should be integrated with that of setting funding baselines.

***London would therefore wish to devise its own distribution scheme to reward the boroughs' and the GLA's contributions to London's overall growth, and to facilitate investment.***

## **9 Managing risk – safety nets and the central list**

Tax bases can fall as well as rise. At present a "safety net", funded by a levy on growth for tariff authorities, protects councils against a fall of more than 7.5% of their retained rates. The Government has indicated it does not expect to operate a levy in the new system.

The "Central List" includes transport, communications and utilities infrastructure properties not currently allocated to individual authorities. It will account for about £1.4 billion of rates by 2019/20. This could in future be used in part to fund a range of risk management issues, including a safety net, the impact of appeals and civil emergency funding.

Each of these ideas has merit, but all would be dependent on far greater clarity about the composition of the list, accountability for changes, both within the list and between the central and local lists, and use of the overall rates collected.

For example, the central list currently includes a large proportion of Transport for London's network and rail infrastructure, including the London Underground, DLR and TfL station car parks, which might logically be transferred to the local rating list, so that London retains the full benefits of the investment it makes to improve the capital's transport infrastructure. ***We would support transferring all of Transport for London's assessments on the central list to the local rating list in London.***

However, depending on the approach to "100% retention" there may also be a case for broader transfer of properties. Under a fully-devolved approach, which would see London's financial risk as well as potential reward maximised, we would expect to see most if not all of the central list that relates to properties within London transferred to the local list.

London's future approach to managing risk should not be separated from the questions of the overall proportion of rates retained (see section 2) or the degree of devolved control over the business rate taxbase (sections 4-6). ***In essence, the greater the degree of autonomy, the more reasonable it will be to expect London to manage its collective risk for itself. Conversely, the more London remains part of a national system, and the more limited its control of the taxbase, the more London should expect to look to Government to share some of that risk.***

## 10 Governance

A regional approach to managing business rates in London will require appropriate mechanisms to ensure that robust, timely and accountable decisions can be taken to raise and distribute tax revenues. The London Finance Commission identified a set of principles upon which such governance could be based. These were expanded in evidence submitted to the CLG Committee inquiry into fiscal devolution in April 2014 (and included as an annex to this note).

***London government will collectively build on those principles to define and establish appropriate arrangements to manage devolved business rates.***

## Annex:

### Governance Principles

*Extract from a joint letter from Boris Johnson, Mayor of London and Mayor Jules Pipe, Chair of London Councils to Clive Betts MP, Chair of the Communities and Local Government Committee, 10 April 2014, submitted as evidence to the Committee's review of Fiscal Devolution:*

Following careful consideration, London government is already agreed on the following set [of principles] that reflects and builds on those set out in the [London Finance Commission] report:

1. **Each element of London government should have a stake:** Elected leaders of all London local authorities and the Mayor of London must be able to feel confident about the governance arrangements for the new finance system
2. **No exclusion:** No one borough or group of boroughs can be excluded from the benefits of London's success or become disempowered from addressing local needs.
3. **No over-riding:** Interests of the Mayor cannot be overridden by the boroughs or vice versa.
4. **No deadlock:** Arrangements must prevent or break deadlock. We believe that this can be achieved through suitable voting arrangements and clarity about which tier of government is responsible for decision-making, as reflected in the principles below.
5. **Enforcement:** The system must enforce binding decisions and these decisions must reflect a clear initial consensus – even if there are disagreements from time to time about individual decisions.
6. **Simplicity and clarity:** The reformed system should be as simple as possible. It should avoid the need for annual decision-making between different sections of London government. It should seek to distinguish clearly the responsibilities of the GLA, Boroughs and London Assembly.
7. **Stability...** Existing responsibilities should be maintained where possible.
8. **... But potential for reform.** Provisions in the 'devolution settlement' should enable, by agreement, periodic property tax reform and changes to any within-London distribution arrangements. Such reforms would be distinct from the 'Day 1' operation of a devolved system. There should also be a presumption that the more significant reforms were proposed, the longer they would be phased in.
9. **Practical operations:** decisions would be taken by the Mayor or Borough politicians as appropriate. However, a joint GLA and London Councils Officer Group would provide standing technical advice and support for politicians to decide matters where there is significant joint interest under the above arrangements. This might be independently chaired.
10. **Decision rules:** Any new system would require a set of decision rules, some of which would be reflected in legislation. For instance, Parliament might legislate for periodic property revaluations to be carried out by devolved authorities. There are various options for the rulebook governing changes within London following devolution but here is one example:
  - Mayor would need to agree any decision and by converse would have a veto
  - Boroughs would need to agree to any decision by their own rules (e.g. two-thirds majority)
  - The London Assembly would retain its existing powers to amend or reject the Mayor's tax and spending decisions, which would be enhanced commensurate with the increase in the Mayor's powers.

## Leaders' Committee

### Delivering excellence in the education system in London

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<b>Report by:</b>	Caroline Dawes	<b>Job title:</b>	Head of Children's Services
<b>Date:</b>	7 June 2016		
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#### Summary

This paper outlines the key proposals in the Government's *Educational Excellence Everywhere* White Paper, and subsequent Education for All Bill, announced in the Queen's Speech on 18<sup>th</sup> May. The Government is clear in its intention to move towards an education system where all schools are academies. The proposals set out in the Bill include a commitment to convert all maintained schools to academy status in underperforming or under capacity local authority areas. This report sets out the main implications of these proposals for London local government and potential next steps in developing a London Councils position.

#### Recommendations

London Councils' Leaders' Committee is asked to consider a collective response to the proposals to inform lobbying work around the Education for All Bill, particularly in relation to:

- Increased academisation of the education system
- A newly defined role for London local government in relation to education as set out in paragraph 12
- Removal of responsibilities from local authorities including school improvement and alternative provision
- Ability of local authorities to deliver their remaining duties in relation to education



# **Delivering excellence in the education system in London**

## **Introduction**

1. On 17 March 2016 the Government published its White Paper *Educational Excellence Everywhere* that set out plans to convert all local authority maintained schools in England to academies by 2022. The Government believes that the reforms set out in the White Paper will improve standards across England, place school leaders at the heart of the decision-making process and reduce complexity and duplication in the school system.
2. On Monday 9 May 2016 the Secretary of State for Education issued a statement confirming that she was no longer going ahead with plans to force academy conversion on all maintained schools. However, she has committed to moving towards an all-academy system in the next 6 years.
3. The proposals in the White Paper necessitate a changed role for local authorities in education. London Councils has been exploring the potential roles that local government could continue to play in relation to education since the Academies Act 2010 introduced a greater level of academisation into the school system. This has included dialogue with key stakeholders, such as the Minister for Schools, Chief Inspector of Ofsted and Multi Academy Trust (MAT) Chief Executives. There has been general support and agreement for the need for local authorities to play an ongoing oversight role of schools locally.
4. The Education for All Bill was announced in the Queen's Speech on 18<sup>th</sup> May. It confirmed the Government's commitment to continue towards an all-academy education system. It intends to do this via legislation to convert maintained schools to academies in poor performing local authority areas and those that can no longer viably support their remaining schools. It makes it clear that the Bill will lay the foundations for an all academy system by making the process of conversion smoother for schools. The Bill also asserts that it will shift responsibility for school improvement from local authorities to head teachers.



5. This report examines the proposals set out in the White Paper, which are to be taken forward in the Education for All Bill. It also considers the implications for London schools and local government.

### ***Educational Excellence Everywhere White Paper proposals***

6. The White Paper sets out a number of proposals aimed at driving up standards across all schools in England. The most pertinent proposals for London local government include:

#### ***Achieving greater academisation of the education system***

7. The Secretary of State has announced that she will no longer take forward the plans set out in the White Paper to force wholesale academisation of the system by 2022. However, she has reaffirmed her commitment to oversee the transformation of the education system to an all academy system in the next six years. This will be delivered through a range of measures. The DfE will continue to encourage good schools to convert to academy status. Using powers enshrined in the Education and Adoption Act, the Government intends to continue converting all inadequate schools to academy status, and convert coasting schools (defined as schools that have failed to support pupils to reach their full potential for three consecutive years) if they cannot demonstrate the capacity to improve.
8. In addition, legislation has been announced in the Education for All Bill that sets out the Government's intention to trigger conversion of all schools within a local authority in two specific circumstances:
  - Where it is clear that the local authority can no longer viably support its remaining schools because a critical mass of schools in that area has converted.
  - Where the local authority consistently fails to meet a minimum performance threshold across its schools, demonstrating an inability to bring about meaningful school improvement.

9. The majority of academy conversions will be expected to form or join existing Multi Academy Trusts (MATs) which formally bring together leadership, autonomy, funding and accountability across a group of academies. Local authority staff are encouraged in the White Paper to set up new academy trusts or join existing ones, subject to Regional School Commissioner (RSC) approval as with all academy conversions.
10. In order to speed up the process of academy conversion when a school converts to academy status, the ownership of the land held by the local authority for this school will transfer to the Secretary of State who will grant a lease to the academy trust. However, for foundation schools and charitable trusts that own their land, there will be no transfer of ownership of land to the Government.

*A reshaped and clearly defined role for local authorities:*

11. The Government intends to legislate to change local authorities' powers and duties to focus on core functions rather than the running of schools or school improvement. Local authorities will continue to have duties and powers relating to maintained schools before they convert to academy status, such as the ability to direct schools to take on vulnerable pupils. Local authorities do not have these duties and levers in respect of academies.
12. As well as duties relating directly to maintained schools, local authorities will retain a number of other duties relating to all schools in the local area which correspond to the three roles that the White Paper set out for local government in relation to schools going forward. These are:
  - *Ensuring every child has a school place:* including in mainstream and special schools, as well as alternative provision. Local authorities will not be given any additional powers to ensure academies and free schools deliver places as required, which they currently can do with maintained schools. Instead, local authorities will be expected to broker relationships with academies and free school providers in order to expand or develop new provision.
  - *Ensuring the needs of vulnerable pupils are met:* including identifying, assessing and making provision for children with Special Educational Needs

and Disability (SEND) and Looked After Children (LAC); promoting school attendance and tackling persistent absence; ensuring that alternative provision is available for schools to commission; leading on safeguarding responsibilities including for pupils in unregulated settings, missing from education or home educated as well as children at risk of radicalisation; working with schools to ensure they understand and discharge their safeguarding responsibilities; supporting vulnerable children e.g. acting as the corporate parent for LAC and using the Virtual School Head role to work with schools. However, local authorities will not be given any additional powers to direct academies to support vulnerable pupils, for example by taking on SEND pupils, as they can do now with maintained schools.

- *Acting as champions for all parents and families:* including listening to and promoting the needs of parents, children and the local community, e.g. supporting parents navigate through the admissions system or SEND arrangements; and championing high standards locally for all pupils, e.g. by encouraging high performing providers to establish new school places and where necessary calling for action from the RSC to tackle underperformance. Local authorities will lose the responsibility for delivering school improvement in the local area and will gain no new powers to hold schools to account for performance.

#### *A review of the local authority's remaining responsibilities in relation to children*

13. The Government plans to consult on local authorities' remaining duties relating to education, including the implications for the role of Director of Children's Services and Lead Member for Children and any changes to statutory guidance.

#### *Making schools accountable for the education of pupils in Alternative Provision*

14. Schools will be accountable for the commissioning of high quality alternative provision for pupils excluded from their school, rather than local authorities.

#### *Shifting responsibility for school improvement from local authorities to schools:*

15. The Government intends to legislate to ensure that the responsibility for delivering school improvement lies with schools. Where schools are performing well they will be responsible for delivering their own improvement; where they are

underperforming the Regional School Commissioners (RSCs) will be tasked with taking action as promptly as possible.

*Delivering a commitment to open 500 new Free Schools by 2020*

16. The White Paper sets out an intention for Government to continue to work with local authorities to secure sites for new free schools. It also plans to introduce measures that will enable the Secretary of State to require the use of local authority land for free schools, as well as clarifying and strengthening how the free school presumption works. DfE will also consider providing funding for schools that are part of housing developments to be built in advance of contributions from developers being paid, to bridge the gap between places being required and funding being available.

*Re-designing the legal framework for academies*

17. Academy conversion transfers autonomy to school leaders in a number of areas, such as curriculum and staffing, but the Government concedes that on other occasions, particularly with regard to safeguarding, it may need the flexibility to take action to place new requirements on schools. Government plans to consult the sector on any changes in this area.

**Implications for schools policy in London**

18. London's schools, including those maintained by local authorities, have consistently outperformed their counterparts in the rest of the country. 88% of maintained schools in London are either good or outstanding, with only 1% categorised as inadequate. London has the highest share of outstanding maintained schools and lowest share of inadequate maintained schools of any region in England.
19. Given London's performance success, the drive towards converting all maintained schools to academy status in local authority areas that are underperforming or with insufficient capacity should impact areas outside the capital most significantly first. Without clarity around how these authorities will be defined, however, the scale of additional academisation that this proposal could result in for London is also not yet clear. Therefore it is difficult to understand the full impact of this policy on the London education system.

20. The drive towards an all-academy system is focused on improving standards. Underperforming schools, identified as inadequate by Ofsted, can already be forced into academisation as well as coasting schools that fail to demonstrate improvement progress. The DfE is also now proposing to convert all maintained schools in areas in which the local authority has failed to meet minimum performance thresholds. It is important that these thresholds are fairly set to ensure that they capture any real weaknesses in the system, but do not hinder the ability of successful improvement efforts and schools to thrive. If an outstanding maintained school is deemed to be in an underperforming local authority area, it could be forcibly converted to academy status, even though no performance issues have been identified at that specific school.
21. In London there is a risk that forced academisation on any scale risks destabilising an already high performing school system, particularly coming at a time when the Government plans to introduce a new National Funding Formula that is likely to see significant funding reductions to London's schools.
22. Given that the White Paper proposes that local authorities no longer have the responsibility for school improvement, which is confirmed in the Education for All Bill, it is not clear how the school improvement system will work in the future for maintained schools. At present Regional School Commissioners have responsibility for overseeing performance in academies, but their role may be expanded to include maintained schools. Given that the significant improvement in London's schools has been delivered in large part by local authority school improvement teams, any loss of this expertise risks setting back London's improvement work. There is a case to be made to retain these services for maintained schools, however local authorities would also need to retain sufficient funding to be able to run them effectively.

### **Implications for London local government**

23. A clearly defined role for local authorities is helpful when there has been a lack of clarity around roles and responsibilities up to this point. However, it is not clear how local authorities will be able to fulfil the three identified roles and corresponding duties without sufficient powers or funding. At present local

authorities can direct maintained schools in order to deliver their wider educational statutory duties. With these powers not being transferred to local authorities in respect of academies it will become extremely challenging to deliver on these wider duties in an increasingly academised system.

24. For example, it would be very difficult for local authorities to fulfil their places planning duty that is dependent on schools expanding provision where they have spare capacity, if academies have no obligation to respond to proposals from local authorities. Similarly, duties around SEND, safeguarding and admissions will be hard to deliver if an academy does not want to share information and co-operate with a local authority. And it is not clear how local authorities can champion high standards in schools locally when they have no official oversight role or responsibilities to hold schools to account.
25. There may be scope to consider these challenges and opportunities in a London context in order to ensure that the system can still deliver excellence. It is important that London local government is in a position whereby it can protect London's improvement success and support its ongoing progress, as well as mitigate some of the significant challenges facing London's schools, such as disadvantage and mobility. London Councils could scope out different models and discuss with partners to see if there is wider appetite to develop a London model.
26. Schools currently pay business rates, unless they are exempt due to registered charitable status. Academies are able to apply for this status. Therefore, it is likely that in an increasingly academised system many more schools will be exempt from business rates which could represent a significant loss to local government income streams at precisely the point when Government intends fully to devolve business rates to local government. Any reduction in councils' capacity to raise future revenues arising from the Academisation programme would need to be fully recognised in the level of spending responsibilities transferred at that point.
27. The transfer of land from local authorities to the Secretary of State for Education represents a significant loss of assets which could have a considerable long term impact for local authorities in terms of managing resources, particularly school

places. It is not clear why local authorities should have to transfer land to the Secretary of State when a school converts to academy status, when schools and charitable trusts would be exempt.

## **Next steps**

28. London Councils has been lobbying extensively on the introduction of the National Funding Formula (NFF), calling for government to find additional funding to level up allocations rather than reduce funding to London's schools.

- Mayor Jules Pipe wrote with the Mayor of London to the Secretary of State for Education calling for the need to continue to invest in London's schools
- A second letter with Sir Richard Leese, Chair of Core Cities, was sent to the Chancellor of the Exchequer calling for him to make available sufficient additional funding to level up school funding allocations.
- London Councils has supported the APPG for London in leading a debate in the House of Commons on education funding in London on 4<sup>th</sup> May. The APPG and London Councils are now seeking meetings with the Minister to discuss the impact of the NFF on London's schools.

29. London Councils has not yet taken a public position on the White Paper, the Education for All Bill and their implications for local government. This report sets out concerns with the Government's proposals in order to facilitate a discussion at London Councils' Leaders' Committee to inform the lobbying work it will take forward in relation to the Education Bill.

30. Given the changing education landscape, there is also an opportunity now for London Councils' Leaders' Committee to consider the potential for discussions with the Mayor of London to secure his support for our education work going forward.

## **Recommendations**

31. London Councils' Leaders' Committee is asked to consider a collective response to the proposals to inform lobbying work around the Education for All Bill, particularly in relation to:

- Increased academisation of the education system
- A newly defined role for London local government in relation to education as set out in paragraph 12
- Removal of responsibilities from local authorities including school improvement and alternative provision
- Ability of local authorities to deliver their remaining duties in relation to education

### **Financial Implications for London Councils**

32. None

### **Legal Implications for London Councils**

33. None

### **Equalities Implications for London Councils**

34. None



# Leaders' Committee

## Health and Care Transformation

Item 7

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**Summary:** This report provides an update to Leaders' Committee on health and care transformation planning in London, including NHS Planning Guidance requirements and emerging developments in health and care devolution.

**Recommendations** That Leaders recognise the importance of strong and credible London Sustainability and Transformation Plans to the success of health and care devolution in the capital and agree to support local and sub-regional working which ensures devolution pilot visions, plans and strategies feature prominently in STPs.



# Health and Care Transformation

## Background

1. This paper updates Leaders' Committee on developments in the health and care policy landscape, including the requirements of NHS Planning Guidance, implications for London boroughs and link with health and care devolution.

## Health and Care Planning in London

2. In December, health and care bodies in England published 'Delivering the Forward View: NHS Shared Planning Guidance 2016/17 – 2020/21', setting out steps to help local organisations deliver a sustainable, transformed health service and improve the quality of care, wellbeing and NHS finances. The Guidance is backed up by a new Sustainability and Transformation Fund, which will support the delivery of the Five Year Forward View, and enable new investment in key priorities.
3. The additional funding associated with the Guidance will be front-loaded and in 2016/17 and 2017/18 through Sustainability and Transformation Plans (STPs) as the mechanism for accessing around £3.4 billion of sustainability and transformation funding. To access funding, health and care partners are being asked to come together across new, locally-driven, planning footprints, known as Sub-regional Planning Groups (SPGs). In England there are 44 SPGs, with 5 in London.

## Sustainability and Transformation Plans (STPs)

4. The requirement to develop and agree STPs across a sub-regional partnership has signalled a fundamental change in the NHS approach to planning and emphasises that planning by institution should be supplemented by planning by place for local populations. Critically, the Guidance states STPs must demonstrate the local vision for better integration with local authority services, including prevention and social care, "reflecting local agreed health and wellbeing strategies"
5. Through STPs, every health and care system in England is being asked to come together and create a "local blueprint for accelerating its implementation of the Forward View". STPs will cover the period between 2016 and March 2021.

6. For the purposes of developing and agreeing a STP, health and local government in England are being asked to work together at the SPG level to plan at scale to meet the challenge set out in the Five Year Forward View. SPG plans will operate in the most part as umbrella plans, which capture in one place the collective planning for health and wellbeing at the local level and wrap around those strategies enabling strategic plans to unlocking systemic solutions for transformation, such as workforce planning or IT for example. In London, the 5 Sub-Regional Planning Groups (SPGs) are aligned across the following geographies:
  - North West London – Brent, Ealing, Harrow, Hillingdon, Hounslow and Tri-borough
  - North Central London – Barnet, Camden, Enfield, Haringey and Islington
  - North East London – Barking and Dagenham, City of London, Hackney, Havering, Newham, Redbridge, Tower Hamlets and Waltham Forest
  - South East London – Bexley, Bromley, Greenwich, Lambeth, Lewisham and Southwark
  - South West London – Croydon, Kingston, Merton, Richmond, Sutton and Wandsworth
7. Each sub-region has been invited to nominate a lead Chief Executive to sit alongside a nominated lead for the CCGs and providers in the area who can act in convening capacity in the development of STPs. Collectively, the sub-regional partnership is referred to under emerging NHS guidance as the SPG “triumvirate”. The triumvirate, as well as acting in a convening capacity across the SPG, will also act as the point of contact for NHS England (London Region) and NHS England as part of the ongoing dialogue and support during the planning period. At the pan-London level, NHS England (London Region) has set up the London Planning Board, which brings together partners from health and local government, including London Councils. The London Planning Board is intended to be a vehicle for providing guidance and support to the system and an interface with national partners.
8. The deadline for submission of STPs is 30 June 2016, following which there will be a process of formal assessment. However, the pathway to the June deadlines will feature a number of interim milestones and steps which will allow for the iteration of STPs. Notably, these other milestones and steps include:
  - 15 April – deadline for initial draft responses to national asks.
  - 22 – 25 April – regional support sessions with the triumvirate.
  - 3 May and 12 May – national 1:1s between the triumvirate and Simon Stevens.

- 18 – 20 May – follow up support sessions.
  - 8 June – second draft STP submission.
  - 16 June – regional support sessions with the triumvirate.
  - 30 June – final STP submission
9. Broadly, the June submissions should seek to address three high level questions. Those are, what is the agreed base financial case across the footprint, what are the strategic opportunities across the 5 year period and what support would be necessary in 2016/17.
10. The early indicators are that at the officer leadership level local government has responded positively to the challenge of organising and engaging through sub regional arrangements and is having real influence on those plans, as well as bringing fresh thinking to engagement with national NHS leadership. However, emerging themes from draft STPs appears to suggest the following are common obstacles in London planning:
- Pace of process is creating tensions in the system, particularly in areas where sub-regional working is newest.
  - The maturity of relationships remains variable across the system, but that relationships are a critical factor in the development of plans across a sub region.
  - While the base financial case in most areas is relatively well developed, there remain significant difficulties in galvanising agreement over the plan to meet the financial challenge.
  - Capacity and scale in some areas appears to be a challenge.
11. Clearly, given the nature of some of these themes, and the relatively imminent deadline, questions arise regarding the level of development which can be reasonably expected as of the 30<sup>th</sup> June deadline. Recent communication from NHS England appears to have softened the original expectation of the nature of the 30<sup>th</sup> June submission. There now appears to be acceptance that June will be regarded more as a staging post and not a cut off in the development of plans. The recognition that fully formed plans will not be achievable by the end of June is welcome.

#### Access to transformation funding

12. It is important to recognise that STPs will have significant central money attached and will be the single application and approval process for being accepted onto programmes with transformational funding from 2017/18 onwards.

13. Funding for transformational change announced in the Spending Review is protected for initiatives such as the spread of new care models through and beyond NHS vanguards, primary care access and infrastructure, technology roll-out, and to drive clinical priorities such as diabetes prevention, learning disabilities, cancer and mental health. On 19<sup>th</sup> May, NHS England published, on this basis, indicative allocations for what additional funding would be available to STPs in 2020/21. These are indicative and not firm and remain subject to the delivery of credible plans.
14. This year and in 2017-18, transformation funding is due to be allocated to particular organisations and areas on the basis of national judgements about where it will make most difference.

*Policy implications of NHS Planning Guidance*

15. STPs represent an important mechanism to enable delivery of the Five Year Forward View through closer integration of local health and care planning and a stronger emphasis on prevention. The guidance includes for the first time a clear and unambiguous expectation that partners in local government will be a part of the planning process. Notably, from a health and care perspective, the STP process is the key to unlocking substantial sustainability and transformation funding. There are, therefore, clear incentives for making strong efforts to deliver credible and convincing STPs propositions for the capital's residents. Crucially, there are also a clear overlaps with the goals of the devolution pilots. As a consequence it will be important to ensure that pilots and STPs support each other rather than one undermining the impact of the other. **Attached** as Appendix 1 is an attempt to map the interplay between devolution and STPs in London.
16. The interplay with devolution merits further exploration. Firstly, the devolution agreement was reached prior to the publication of NHS Planning Guidance, and yet a great deal of the aspiration for transformational change expressed in the Planning Guidance overlaps with the bold aspirations of the devolution agreement. It is therefore critical for devolution propositions to feature, where relevant, in STPs. To assist with this, officers in London Councils and the London Partners are working with pilot areas to develop materials which can assist with enhancing the profile of devolution in London STPs.

17. Secondly, all STPs will be required to have an estates component. A common feature of all the estates components as they are emerging is the importance of making quicker and more creative use of the collective NHS and wider public estate to generate the health and care infrastructure for the future, in the context of significant capital constraints on the public sector. From a London perspective, on a very practical level this will mean achieving reform which ensures Londoners benefit from the disposal and/or reuse of NHS estates.
18. The early progress of the London health and care estates pilot in North Central London, where borough and CCG leads are leading and facilitating sub-regional as well as local dialogue in relation to estates, suggests that there will be a need to create agreement on new approaches to estates business case approval. Today decisions can be so slow that they do not keep pace with clinical need resulting in out of date facilities. A second challenge is to reach agreement on incentives which support new and genuinely joined-up estates planning. Thirdly, working arrangements are needed that will enable key decision makers to identify and fix obstacles early in the estate renewal process. In parallel to the STP process, London Partners and pilot boroughs are working with national partners to develop propositions which will address these points, with a view to reaching agreement on asks which can enable STPs as well as deliver devolution in London. Progress on these issues will not only assist the SPG level, but will be significant enablers to the borough level pilots in Hackney and Lewisham which are exploring integrated primary and community care models, with clear linkages into a one public estate approach as an accelerant to transformation.
19. Thirdly and finally in relation to devolution, the delivery of credible and convincing STPs will attract financial support which could accelerate devolution planning. In contrast, in a position where STPs do not meet the expectation of the national system, questions remain over how any subsequent intervention would work for or against the transformation planning in pilot areas. For these reasons, a strong STP is in the interest of borough devolution pilots.
20. In addition to the points above, the pace of planning, links into funding and need to satisfy a set of national “must-dos” pose potential obstacles to

building local plans which reflect the breadth of different plans and strategies as well as relative maturity of local and sub-regional governance and the financial position of the local and sub-regional health economy. Furthermore, though likely intended to avoid the appearance of being prescriptive, the planning guidance falls short of setting out detailed expectations in terms of local government engagement in the STPs and processes for sign-off. While the intent of the guidance and the opportunity offered by STPs to access substantial new funding for local health and care provision are both to be welcomed, the pace and fluid nature of arrangements create the potential for pit falls over the coming months.

21. In terms of enhancing the voice and influence of local government, boroughs may wish to consider the options for ensuring that Health and Wellbeing Boards and Chief Executive and Director leads are supported to maximise their involvement local and sub-regional STP partnerships.

### **Financial Implications for London Councils**

There are no financial implications for London Councils resulting from this report.

### **Legal Implications for London Councils**

There are no legal implications for London Councils resulting from this report.

### **Equalities implications for London Councils**

There are no equalities implications for London Councils resulting from this report.

### **Recommendations**

That Leaders recognise the importance of strong and credible London Sustainability and Transformation Plans to the success of health and care devolution in the capital and agree to support local and sub-regional working which ensures devolution pilot visions, plans and strategies feature prominently in STPs.



**Interplay between devolution pilots and STPs**

<b>Devolution pilot</b>	<b>STP footprint</b>	<b>Implications</b>
North Central London estates	Co-terminous with NCL STP footprint	Pilot will contribute to estates 'chapter' of NCL STP.
Outer North East London sub-regional integration (3 boroughs)	Part of the North East London STP footprint (total 8 local authorities in footprint)	<p>Detailed transformation plans will be developed on the ONEL footprint, then aggregated up to the STP footprint.</p> <p>Crucial to ensure transformation vision preserved given significant provider challenge within the STP footprint.</p>
Hackney local integration	Part of the North East London STP footprint	<p>Detailed transformation plans will be developed locally, then aggregated up.</p> <p>Crucial to ensure transformation vision preserved given significant provider challenge within the STP footprint.</p>
Haringey local prevention	Within NCL STP footprint (total 5 local authorities in footprint)	Opportunities for greater alignment of prevention activity between adjacent boroughs (e.g. Haringey & Islington).
Lewisham local integration	Within SEL STP footprint (total 6 local authorities in footprint)	Detailed transformation plans will be developed locally, then aggregated up.

# Leaders' Committee

## London Housing Proposition

Item no: 8

**Report by:** Lizzie Clifford      **Job title:** Head of Housing and Planning Policy

**Date:** 7 June 2016

**Contact Officer:** Dick Sorabji

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### Summary

Over recent months, London Councils officers have been working with London local government colleagues to develop a proposition for housing devolution in London that would be capable of significantly increasing housing supply across all tenures. This paper updates the Leaders' Committee on the progress of those discussions, and the broad outline of an emerging proposition.

Since the Mayoral election on 5<sup>th</sup> May, discussions have been continuing with City Hall on shared principles in respect of a London Housing Proposition

### Recommendations

Leaders' Committee is asked to use this report as an opportunity to discuss progress on agreeing a London housing proposition and to offer further advice.



# London Housing Proposition

## Background and Context

1. For some months London Councils working with London local government colleagues, has been developing a proposition for housing devolution in London that would be capable of significantly increasing housing supply across all tenures.
  - This work began as part of the London Proposition leading to the submission to HM Treasury on 4<sup>th</sup> September.
  - The work was extended through the commissioning of Metro Dynamics to assess boroughs' political aspirations and the potential value of creating a borough collaborative vehicle for housing delivery.
  - Government and Ministerial interest led to more direct discussions on a wider set of aspirations for improved housing delivery. These discussions ultimately involved government, London Councils and the out-going Mayor.
2. Conversations have now picked up with the new Mayor, who himself has made significant commitments to housing supply and affordability. Early engagement indicates that the Mayor is keen to work collaboratively with the boroughs to advance a housing proposal to government.
3. Most of the engagement on a proposal has been led by Mayor Bullock and Councillor Govindia, working with their respective party groups, sharing written notes and updates; and most recently in a discussion at Executive on 10 May 2016. Similar updates have also been provided to Councillor Dombey and Mr. Boleat who are not covered by the party group arrangements set out above.
4. Alongside these discussions, the Government has been taking its Housing and Planning Bill through the parliamentary process. The Bill is now enacted. More details in regulations are likely to emerge over the next few months, however it is clear that any housing supply model developed in London would need to achieve the requirement in the Bill to build two new replacement homes for every one sold as part of the High Value Asset Sale policy.

5. The Bill also legislates for the introduction of Starter Homes and a new duty on councils to promote them; introduces gradually higher rents for higher earners in social housing; and allows the government to compensate housing associations for offering right to buy discounts to tenants.

### **The Housing Proposition in Summary**

6. London Councils' proposition aims to create a new, more devolved framework for housing delivery across the capital, to be overseen by the mayor and the boroughs. The ambition is that this new policy environment should be capable of supporting a greater uplift in delivery across the private and public sectors. Separately, it also proposes a voluntary development vehicle or fund to operate as a framework for multi-borough deals across different London geographies. This would be likely to offer one new route for delivery alongside a number of other delivery mechanisms.
7. A broad summary of the emerging proposition is outlined below. Leaders have been asked, via the mechanisms set out above, for informal feedback on the emerging proposition. Discussion at this meeting will help shape the parameters to discussion with the Mayor and ministers.
8. The strategy entails an aspiration for very significant increases in delivery by 2021, including genuinely affordable homes for rent.

The strategy entails, at its core:

- Ensuring housing tenure mix helps maximise home building in London
- Empowering local government to deliver more
- Developing more effective relationships with housing associations across London
- Agreeing an enhanced funding package for London as a whole
- Addressing planning, land assembly and capacity constraints
- Better joint governance of housing delivery for the boroughs and the London Mayor.

More specifically, London Councils is also proposing:

- Maximising Home Building by aligning tenure with London housing economics – including a starter homes product that better fits with London's housing needs and delivery model
- The alignment of infrastructure investment with housing delivery

- Retention of sufficient proceeds from high value asset sales in London to fund 2-for-1 provision.
  - Retention of 100% of local authority Right to Buy receipts and the removal of restrictions on the use of receipts, so long as they are spent to deliver more housing.
  - Additional HRA headroom to be made available for short-term additional finance to help with particular short-term points of their development.
  - Optimising time limits on use of funds to maximise delivery before 2021
  - Confirmation of right to use S106 commuted sums outside of own borough for the purposes of providing affordable housing
  - A new long term rent settlement up to 2031 that ensures at least protection against inflation; or devolution of the power to do so to London government.
  - A minimum 10% of receipts from sale of all central government owned land in their borough should be retained locally to allow for investment in new housing supply.
  - Stronger and streamlined CPO powers to get more land for housing into development.
  - Streamlined process for leaseholder buy backs where leaseholders are offered an equity share in a new home on the same estate and staggered incentive tariffs to allow additional rewards for leaseholders who agree to move swiftly
  - Freedom on planning fees to enable London boroughs to set fees on a full cost recovery basis, with guarantees for faster decision-making and increased quality of service.
  - Streamlining of consents regime around HRA land to help de-risk the land assembly process.
  - A funding settlement commensurate with the increased delivery ambition.
9. The ambitions cannot be achieved unless the delivery capabilities of London boroughs, working with partners, are significantly enhanced. An increasing number of boroughs are setting up housing companies and this will help contribute in terms of local authority-led delivery. Greater economies of scale through collaboration are also needed.
10. As well as a wider strategy for a devolved approach to housing in the capital, many borough leaders have also indicated a desire to engage in a more collaborative approach to borough-led housing delivery. A collaborative vehicle or fund would be one of a number of different delivery mechanisms, but would allow boroughs to work

together more effectively across boundaries, maximising the opportunities of available land, funds and expertise within boroughs.

11. The Metro-Dynamics work on such a potential collaborative delivery vehicle involved discussion with a broad range of Leaders. Leaders and chief executives have been kept informed of the progress of discussions. A pan-London fund could be envisaged with a framework to facilitate multi-borough deals. If this approach is to be taken forward in time to be part of a wider strategy with the new Mayor and ministers, then decisions in principle will be needed relatively soon along with some consideration of how best to fund such a project.
12. More fundamental change would be required to increase land supply capacity, support new entrants to the building industry and facilitate different approaches to development that encourage more home building. The emerging proposition suggests the need for improvements to governance and also the establishment of formal machinery in which London government and national government can develop solutions to these more fundamental challenges.

### **Next Steps**

13. With the election of a new Mayor, discussions have begun to consider how London government can work together to increase the supply of homes in the interests of Londoners. Revised governance structures are likely to be implemented to oversee the implantation of plans.
14. It will be important to engage with developers and housing associations to ensure that plans are deliverable. There is also likely to be a conversation shortly with government on the spending settlement for London housing delivery over the next few years.
15. The Mayor has also indicated a desire to support boroughs in accessing private rented sector properties for those in housing need. Boroughs are likely to be asked what interventions or support might help with access to properties for use – for example – as temporary accommodation or homeless prevention.
16. The Leaders' Committee may wish to use this report as an opportunity to discuss progress on agreeing a London housing proposition and to offer further advice.

**Financial Implications for London Councils**

17. None

**Legal Implications for London Councils**

18. None

**Equalities Implications for London Councils**

19. None



# Leaders' Committee

## Summaries and Minutes

Item no: 9

**Report by:** Derek Gadd      **Job title:** Head of Governance  
**Date:** 7<sup>th</sup> June 2016  
**Contact Officer:** Derek Gadd  
**Telephone:** 020 7934 9505      **Email:** [Derek.gadd@londoncouncils.gov.uk](mailto:Derek.gadd@londoncouncils.gov.uk)

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**Summary**      Summaries of the minutes of London Councils

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

- GLEF – 11 February, 2016
- GLPC – 17 March, 2016
- TEC – 23 March 2016
- Audit Committee – 24 March 2016
- Executive – 10 May 2016

# Leaders' Committee

## Report from the Greater London Employment Forum – 11 February 2016

Item no:

**Report by:** Selena Lansley      **Job title:** Head of London Regional Employers Organisation  
**Date:** 17 March 2016  
**Contact Officer:** Selena Lansley  
**Telephone:** 020 7934 9963      **Email:** Selena.lansley@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the Greater London Employment Forum held on 11 February 2016.

**Recommendations:** For information.

**1. In Attendance:** Cllr Irma Freeborn (Barking & Dagenham), Cllr Sasi Srinivasan (Brent), Cllr Tim Stevens (Bromley), Cllr Alison Kelly (Camden), Cllr Doug Taylor (Chair) (Enfield), Cllr Sophie Linden (Hackney), Cllr Osman Dervish (Havering), Cllr Katherine Dunne (Hounslow), Cllr Andy Hull (Islington), Cllr Joanna Gardner (Kensington & Chelsea), Cllr David Glasspool (Kingston), Cllr Mark Allison (Merton), Cllr Kam Rai (Redbridge), Cllr Fiona Colley (Southwark), Cllr Richard Clifton (Sutton), Cllr David Edgar (Tower Hamlets), Cllr Guy Senior (Wandsworth), Sean Fox (UNISON), Mary Lancaster (UNISON), Sue Plain (UNISON), Jon Rogers (UNISON), Kim Silver (UNISON), Simon Steptoe (UNISON), Vicky Easton (UNISON), Roger Stocker (Sub) (UNISON), Susan Matthews (Unite), Dave Powell (GMB), Jackie Neald (GMB), Peter Murphy (GMB) and Vaughan West (GMB).

**In Attendance:** Selena Lansley (London Councils), Debbie Williams (London Councils), Mehboob Khan (Political Advisor to the Labour Group, London Councils), Jade Appleton (Political Advisor to the Conservative Group, London Councils), Julie Kelly (UNISON) and Mathew Egan (UNISON)

**2. Apologies for Absence:** Apologies were received from Cllr Twomey (Barking & Dagenham), Cllr Pavey (Brent), Cllr Letts (Croydon), Cllr Johnson (Ealing), Cllr Seaman-Digby (Hillingdon), Cllr McGlone (Lambeth), Cllr Bonavia (Lewisham), Cllr Clark (Newham), Cllr Harvey (Westminster), April Ashley (UNISON), George Binette (UNISON), Bridget Galloway (UNISON), Simone McKoy (UNISON), Esther Rey (UNISON), Helen Steel (UNISON), Onay Kasab (Unite), Gary Cummins (Unite), Danny Hogan (Unite), Kath Smith (Unite), Jane Gosnell (Unite), Pam McGuffie (Unite), Mick Callanan (Unite), Wendy Whittingham (GMB) and Penny Robinson (GMB).

**3. Minutes of the Meeting held on 9 July 2015:** The minutes of the meeting held on 9 July 2015 were agreed as a correct record.

**4. Matters Arising:** Vicky Easton (UNISON) enquired under item 6, Matters Arising – Collective Investment Vehicle (CIV), whether London Councils had responded to the government's pooling criteria and guidance and investment regulations consultation.

Cllr Fiona Colley (Southwark) informed colleagues that she had attended the Pensions CIV Sectoral Joint Committee on 10 February 2016 where a response to the consultation was agreed.

A copy of the full report is attached for information.



**Item 6 – Care Act 2014 and the Workforce Related Aspects:** Sue Plain (UNISON) asked whether London boroughs had any plans to employ additional social workers.

Selena Lansley (Employers Side Secretary) responded that this information was unknown at present.

There were no further matters arising from the minutes of the 9 July 2015.

**5. GLPC Job Evaluation Refresh:** Selena Lansley (Employers Side Secretary) informed colleagues that last year all three Union Side GLPC Joint Secretaries agreed that a “light touch” refresh of the GLPC Job Evaluation scheme should be undertaken in partnership with London Councils. The scheme is widely used in London and across the UK.

The review aims to modernise the support materials used with the Greater London Provincial Council (GLPC) Job Evaluation (JE) Scheme and bring forward recommendations for minor amendments to the guidance within the scheme where appropriate. The review is being undertaken in consultation with regional trade union representatives with a view to issuing joint advice on JE.

The redraft aims to recognise changes in the ways of work since the scheme was introduced – for example project work, flatter management structures, mixed economy provision, flexible working, and commissioning such as Public Health. The job profiles for training will allow greater choice and have been amended to include project management, facilities management, and housing/neighbourhood management. Some minor changes to the introductory pages of certain factors will be made as the world of work has developed since 2000.

It is intended that the 2016 refreshed Scheme materials will be launched following the notification of GLPC scheduled for the 17 March 2016. Subject to further feedback, the intention is to launch the new materials on the London Councils website as well as writing individually to all existing GLPC licence holder clients. London Councils will roll out the changes by training the associate trainers to support consistency of training taking place after 1 April 2016.

**6. Children's Social Worker Memorandum of Understanding – Nick Hollier, Head of HR, LB Bexley and Andreas Ghosh, Head of HR, LB Lewisham:** Nick Hollier (Bexley) and Andreas Ghosh (Lewisham) presented the collaborate work being undertaken between

London boroughs to respond to long standing workforce issues in relation to children's social workforce.

A copy of the presentation is attached for information.



Microsoft PowerPoint  
97-2003 Presentation

Mathew Egan (UNISON) raised the following concerns:

- Social workers are facing a time of real uncertainty.
- Individually social workers can be named in court hearings.
- They can be prosecuted for neglect resulting in five years imprisonment.
- Marked expansion to attract new social worker schemes – not known if these are effective.
- There are a lot of very valid reasons why social workers are leaving and joining agencies.
- Messages need to be taken back to central government.

Vicky Easton (UNISON) raised the following concerns from the Memorandum of Co-operation:

*6.7 Develop a policy between the Boroughs to refrain from retaining as agency workers staff who are leaving permanent employment with the Boroughs for a designated period.*

The Unions understand that employers are trying to stop people moving from permanent direct employment contract to employment via agencies and highlighted that these social workers may be leaving for another reason e.g. childcare responsibilities. The unions were concerned that these proposals should not stop if those employees who wanted to come back in to work at a later date

*6.8 Investigate options for establishing a bank of suitably skilled and experienced social work professionals employed directly by the boroughs.*

The unions also emphasised without a staff bank approach it would prevent these people in furthering their development.

Nick responded by emphasising that he was aware of the adverse publicity and the consequences when things go wrong and these are a deterrent for people wanting to join this profession. The general tone and atmosphere of what people perceive the career of a social worker is something we need to promote more positively. Community Care is starting to work with boroughs to do this.

London boroughs are experiencing a high proportion of staff becoming agency staff. Boroughs are trying to do something about this and one of the key opportunities is looking at what we can do as employers to keep staff.

Boroughs are working with the LGA in relation to the Employer Standards to find a way that we can work together and work really well.

Cllr Sophie Linden (Hackney) emphasised the need to focus on retention taking forward any work on how we keep people in the profession longer

Nick responded that the DfE are revising the terms in their yearly questionnaire which they expect boroughs to complete. The new questions should highlight where people are going and why. It is shocking that people only stay in post for 8 years. We need to look at the way we design jobs.

Cllr Irma Freeborn (Barking & Dagenham) highlighted in relation to the trend in lifestyle, one of the most important things is to keep social workers in affordable housing. Also in terms of RI35 is this gross pay or not?

Nick responded that we recognise that the cost of housing is an issue and most boroughs have relocation packages in place. Although key Worker housing does not seem as prevalent as it was some years ago. There is also the issue that some social workers do not want to live in the area that they work. This is a complex issue that we need to look at and keep working at to resolve.

In relation to the RI35 query. Agency workers appear to pay less tax through agency working. Although this is not always the case in the rules are correctly followed. Bexley have been lobbying government on the point that all Social Workers working for a local authority should be taxed on PAYE. There are internal discussions in HRMC at present and we hope this issue will be discussed and resolved.

The Chair expressed thanks to Nick and Andreas for a helpful and illuminating presentation.

## **7. Update on Employment Tribunal Practices and the Impact on the World of Work - Regional Judge Hildebrand:** Regional Judge Hildebrand gave the following update on employment tribunal changes and the world of work.

Introduction of fees in July 2013:

- Approximate reduction in number of cases is in the upper 60% - we now have one third of the caseload we previously had.
- There was a perception that there was an increase in individual claims prior to the introduction of fees. This is not the case. The number of claims received decreased to 16,000 after the introduction of fees.
- The fees are for claiming loss of wages in an ET case - £390.00 for issue and hearing.
- It was said that remissions would be available but the current level is about 20%.
- In unfair dismissal and discrimination the fees are £250 on issue and £950 on hearing the case  
If the claimant is successful then the Respondent will normally be ordered to reimburse the fee.
- The House of Commons produced an excellent briefing paper on the fees – link to document <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07081>

Complaints upheld:

- Success rates are difficult to measure. Unfair dismissal cases in 2014-15 were 18,000 cases. 5,000 of these cases got to hearing and about half of these cases were successful that is 14% of those issued.
- The proportion of successful cases has if anything reduced slightly since the fees were introduced.

How much is award in cases?

- Unfair dismissal – the maximum award made in the last complete year was £23,000 but in 2013/4 the maximum was £3.4 million. Awards are now capped at one year's pay in most unfair dismissal cases.
- In the last financial year the average award for unfair dismissal was £12,000.
- In terms of discrimination the injury to feelings award has been measured in relation to the type of discrimination:  
£1,080 – maximum median and average award for religious discrimination  
£13,500 – is the median for sex discrimination  
£7,500 – is the median for age discrimination  
£6,000 – is the median for sexual orientation discrimination

Much has been made to the power to award costs at tribunals. Parties now apply for costs much more frequently. The medium award on costs was £1,000, maximum £23,000. Of these 536 applications were made by claimants and 334 made by respondents.

By the end of December 2015 there were 53,000 cases received nationally. In London the figures are approximately 4,000 single cases and 10,000 multiple cases.

There is pressure to ensure that Employment Tribunals make the best use of the reduced resources available.

ACAS Early Conciliation requires claimants to contact ACAS before the claim is presented.  
ACAS:

- Received more notifications than tribunal claims.
- Settle around 15% of the larger cases
- 22% come to tribunal
- In 62% of cases outcome is unknown – these could be privately settled.

There have been recent developments in case law dealing with:

- Voluntary over-time
- Holiday pay
- Travelling pay for care workers
- Disability discrimination and reasonable adjustments

In relation to a query under Item 5 previously (MoU), relating to IR35, whether an individual is an employee or independent contractor has troubled the courts for many years. There is a mismatch between tax status and employee protection. Tax treatment is not determinative. Contractors may seek tax advantage and then argue they are in fact employees when they seek protection.

A recent concern for Respondents is that if in a claim of discrimination, individual respondents are named the tribunal currently lacks jurisdiction to apportion awards between the respondents.

In the context the Civil Justice Reform programme, Lord Justice Briggs in his interim report raised the question of whether the Employment Tribunal should remain in the Tribunal system or move closer to the civil courts. He does not appear to envisage any significant change to the employment tribunal until after the digital reform process has been completed.

The Chair thanked Judge Hildebrand for his interesting and fascinating presentation.

**8. Any Other Business:** There was no further business

**The meeting was concluded at 13.12**

**8. Date of Next Meeting: Wednesday 29 June 2016**

Party Group meetings: 10am

Employers Side meeting: 10.45am

Joint Meeting: 11.30am

**2017 Meeting Dates**

**GLEF**

9 February 2017

Group Meeting: 10am

Joint Meeting: 11.30

**GLEF AGM**

22 June 2017

Group Meeting: 1.30pm

Joint Meeting: 3pm

# Leaders' Committee

## Report from the Greater London Provincial Council – 17 March 2016

Item no:

**Report by:** Selena Lansley      **Job title:** Head of London Regional Employers Organisation  
**Date:** 17 March 2016  
**Contact Officer:** Selena Lansley  
**Telephone:** 020 7934 9963      **Email:** Selena.lansley@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the Greater London Provincial Council held on 17 March 2016.

**Recommendations:** For information.

**1. Attendance:** Cllr Colin Tandy (Bexley), Cllr Tim Stevens (Bromley), Cllr Tony Newman (Croydon), Cllr Doug Taylor (Chair) (Enfield), Cllr Sophie Linden (Hackney), Cllr Katherine Dunne (Hounslow), Cllr Mohammed Seedat (Lambeth), Cllr David Glasspool (Kingston), Cllr Kevin Bonavia (Lewisham), Cllr Angela Harvey (Westminster), April Ashley (UNISON), Vicky Easton (UNISON), Sean Fox (UNISON), Sue Plain (UNISON), Kim Silver (UNISON), Simon Steptoe (UNISON), Jackie Lewis (UNISON), Vaughan West (GMB), Wendy Whittington (GMB).

**Others in attendance:** Selena Lansley (London Councils), Debbie Williams (London Councils), Mehboob Khan (Labour Political Advisor), Jade Appleton (Conservative Political Advisor) and Julie Kelly (UNISON).

### **1. Apologies for Absence**

Apologies for absence were received from Cllr Dominic Twomey (Barking & Dagenham), Cllr Theo Blackwell (Camden), Cllr Joanna Gardner (Kensington & Chelsea) Cllr Paul McGlone (Lambeth), Helen Steel (UNISON), Dave Powell (GMB) and Danny Hoggan (Unite).

In the absence of Danny Hoggan, Unite (Chair), colleagues in attendance agreed that Cllr Doug Taylor, Vice Chair (Enfield) will Chair the meeting.

**2. Minutes of the meeting held on 22 October 2015:** The minutes of the meeting held on 22 October 2015 were agreed.

**3. Matters Arising: Item 4 - Matters Arising - UNISON Ethical Care Charter:** Vicky Easton (UNISON) enquired whether there had been any progress with the LB Lambeth signing the Charter.

The Employers Side Joint Secretary responded that there was no news to date but would chase Lambeth for a response.

Vicky Easton (UNISON) informed colleagues that Hammersmith & Fulham had recently signed the Charter and Tower Hamlets are due to sign in June 2016 so some progress is being made with boroughs signing up to the Charter.



Cllr Kevin Bonavia (Lewisham) informed colleagues that before Lewisham sign-up they want to make sure they are already adhering to the Charter.

Sue Plain (UNISON) reminded colleagues that the Charter is a step approach over three years so it is important to sign-up.

Cllr Angela Harvey (Westminster) informed the Union Side that a number of London boroughs brand their own standards which also support ethical practice. London was the first region to complete single status which care workers were considered in.

Vicky Easton (UNISON) responded that there are an awful number of carers who are privatised which were not covered in single status so the Charter is supporting those carers in privatised home care.

Jackie Lewis (UNISON) informed colleagues that this is an issue that the unions will continue to pursue. There was a recent Radio 4 programme which highlighted a carer being exploited by a private company. Leigh Day (specialist law firm) are now becoming quite active and making issues public.

From a UNISON point of view we are aware that some councils have their own ethical practice in place but this is not always the case.

Radio 3 ran a series this week on 'Crisis in Care' which highlights the approach, quality and dignity of people. There is a general crisis in domiciliary care.

UNISON's campaign has been instrumental in putting this issue on the political agenda. The more authorities who sign will help generate more commitment and raise awareness of this issue.

**Item 8 - The Trade Union Bill and its Implications for Industrial Relations:** Vicky Easton (UNISON) enquired whether the Employers Side had considered what contribution they could make to this issue.

Cllr Doug Taylor (Vice Chair) responded that a number of boroughs have looked at their own contingencies if the Bill becomes an Act.

As a collective the Employers Side contribution is as follows:

*'London borough employers' find that employee relations are often best handled locally, including check off and time off.'*

Cllr Katherine Dunne (Hounslow) informed colleagues that Hounslow as well as number of other London boroughs have consulted with their local unions and condemned the Bill as an attack on the unions. The unions want to make sure contingency measures are in place which the employers are working together on with the unions.

**4. Update on NJC Pay:** Vaughan West (GMB) informed colleagues that there will be a meeting of the National Joint Council (NJC) Trade Union Side on Friday 18 March to decide next steps.

**5. London Living Wage Summary:** Cllr Tony Newman (Croydon) informed colleagues that Croydon is now an accredited authority. The summary list was noted.

**6. GLPC Job Evaluation Scheme Refresh Update:** The Employers Side Joint Secretary informed colleagues that a meeting was held on 10 March 2016 consisting of trade union colleagues and GLPC Job Evaluation users.

The outcome of the day was very productive and we have identified some further improvements to the language of the scheme and the handouts used on training courses.

The Employers Side Joint Secretary reassured colleagues that the refresh was not a fundamental change to the scheme. The changes are to do with the guidance and updating the wording to bring the scheme into the modern world.

The Vice Chair Cllr Doug Taylor gave thanks to all those involved in the refresh of the scheme for all their hard work.

**7. Schedule of Outstanding Differences:** The Vice Chair Cllr Doug Taylor congratulated the Joint Secretaries for their hard work at getting to the position of no outstanding disputes and differences registered on the list.

**8. Any Other Business:** There was no further business.

**9. Date of next meeting:** The next meeting would be held on **Wednesday 12 October 2016**  
*Group meetings will at 1.30pm and the main meeting at 3pm (or on the rising of the sides).*

**The meeting was concluded at 12.15pm**

#### **GLPC Meeting Dates for 2017**

##### **Greater London Provincial Council (GLPC)**

9 March 2017

Group Meeting: 10am

Joint Meeting: 11.30

##### **GLPC AGM**

19 October 2017

Group Meeting: 10am

Joint Meeting: 11.30

# Leaders' Committee

## Report from the Transport & Environment Committee – 23 March 2016

Item no:

**Report by:** Alan Edwards      **Job title:** Governance Manager  
**Date:** 7 June 2016  
**Contact Officer:** Alan Edwards  
**Telephone:** 020 7934 9911      **Email:** Alan.e@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the London Councils' Transport & Environment Committee held on 23 March 2016

**Recommendations:** For information.

**1. Attendance:** Cllr Dean Cohen (LB Barnet), Cllr Colin Tandy (LB Bexley - Deputy), Cllr Phil Jones (LB Camden), Cllr Kathy Bee (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Vicki Pite (LB Enfield - Deputy), Cllr Feryal Demirci (LB Hackney), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Joanna Christophides (LB Haringey), Cllr Claudia Webbe (LB Islington), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Richard Hudson (RB Kingston-upon-Thames – Deputy), Cllr Nick Draper (LB Merton), Cllr Ian Corbett (LB Newham), Cllr Baldesh Nijjar (LB Redbridge), Cllr Stephen Speak (LB Richmond-upon-Thames), Cllr Darren Merrill (LB Southwark), Cllr Jill Whitehead (LB Sutton), Cllr Caroline Usher (LB Wandsworth), Cllr Heather Acton (City of Westminster), Marianne Fredericks (City of London – Deputy), and Alex Williams (Transport for London).

**2. Apologies for Absence:** Cllr Lynda Rice (LB Barking & Dagenham), Cllr Alex Sawyer (LB Bexley), Cllr Ellie Southwood (LB Brent), Cllr Colin Smith (LB Bromley), Cllr Daniel Anderson (LB Enfield), Cllr Graham Henson (LB Harrow), Cllr Robert Benham (LB Havering), Cllr Keith Burrows (LB Hillingdon), Cllr Amrit Mann (LB Hounslow), Cllr Terry Paton (RB Kingston), Cllr Alan Smith (LB Lewisham), Cllr Clyde Loakes (LB Waltham Forest) and Michael Welbank (City of London)

### **3. Operation Clearway Update**

The Committee received a report that had been prepared for the Transport and Environment Committee of London Councils, to update the Committee on the enforcement and engagement activity being undertaken as part of "Operation Clearway", in relation to free-standing advertising boards ("A" Boards) as well as other unlawful highway obstructions on the Transport for London Road Network (TLRN).

The Committee: **(i)** noted TfL's problem-solving approach to dealing with unauthorised obstructions on the TLRN, **(ii)** noted and commented on the new Operation Clearway Policy included in Appendix 1, **(iii)** endorsed continued support for borough officers own activity to jointly address wilful obstructions of the highway, and **(iv)** agreed that Alex Williams would take back the issue of the differing practices and policies that boroughs had regarding the obstruction of pathways, to the TfL team.

#### **4. Chair's Report**

The Committee received a report that updated members on transport and policy issues since the last TEC meeting on 10 December 2015, and provided a forward look until the next TEC meeting on 16 June 2016. The Committee noted the Chair's report.

#### **5. Flood Partnerships Update**

The Committee received a report that provided members with the 6-monthly update on the work of the seven sub-regional flood partnerships, the Thames Regional Flood and Coastal Committee (TRFCC) and the Environment Agency (EA). The Committee noted and commented on the report.

#### **6. Sharing Skilled Transport Staff Initiative Update**

The Committee received a report that updated members on the work and plans of the "Sharing Skilled Transport Staff Initiative", including recommendations for the extension of TfL's graduate programme to include borough work placements.

The Committee: **(i)** noted the update on progress set out in the report, **(ii)** agreed the proposed extension of the TfL graduate scheme to include optional borough placements, subject to TfL approval, **(iii)** noted the opportunity for boroughs to offer graduate placements as part of identified relevant TfL graduate schemes, and **(iv)** noted that details of a potential apprenticeship scheme would be brought back to TEC at a later date.

#### **7. Mayor's Green Infrastructure Taskforce**

The Committee received a report on the Mayor's Green Infrastructure Taskforce. Two of the recommendations were for the boroughs and one was for TEC. The report outlined the background to the Taskforce, the recommendations it had made, and the options for discussion at TEC.

The Committee: **(i)** noted and discussed the report, and in particular paragraphs 12-17 – "considering the recommendations", **(ii)** agreed that green infrastructure should not be added to the responsibility of the flooding sub-regional partnerships, and **(iii)** agreed that a further report on implementing the report's other recommendations would come back to the Executive for discussion.

#### **8. DfT and Mayor of London's Rail Prospectus**

The Committee considered a report on the DfT and Mayor of London's Rail Prospectus that set out plans to put TfL in control of more of London's suburban train services. It proposed a partnership between TfL and DfT that would agree new franchise specifications for train services. The Prospectus invited comments from stakeholders, and TEC was asked to agree the London Councils' response.

The Committee: **(i)** noted and discussed the report, **(ii)** agreed the proposed response (Appendix 1) to the consultation on the draft Rail Prospectus, **(iii)** agreed that TfL would look into the prospect of Freedom Pass holders being able to purchase "add-ons" to their journeys that carried on outside of London at a preferential rate, and **(iv)** agreed that TfL would look at the issue of ensuring ticket machines at all of their rail stations enabled the purchase of tickets for journeys all over the country.

#### **9. Taxicard Scheme Progress Report**

The Committee considered a report that informed members of the Taxicard trip budget projected outturn for 2015/16, and provided the outcome of the research into the reasons for the reduction in Taxicard journeys in recent years. The report also provided an update on the introduction of charging for replacement Taxicards.

The Committee: **(i)** noted the Taxicard trip budget projected outturn for 2015/16 based on data to January 2016, **(ii)** noted the outcome of the research into the reasons for the reduction in Taxicard journeys in recent years, and endorsed the officer responses to the report's recommendations; and **(iii)** noted the update on the introduction of a £10 charge for lost and damaged Taxicards.

#### **10. Freedom Pass Progress Report**

The Committee received a report that provided members with a general progress update on the Freedom Pass scheme and sought approval to retender the provision of externally managed support services.

The Committee: **(i)** approved the proposed approach, costs and timescales for the Freedom Pass managed service tender; and **(ii)** noted the progress of the 2016 Freedom Pass re-issue.

**11. TEC Committee Dates 2016/17**

The Committee received a report that notified members of the proposed TEC and TEC Executive Sub Committee dates for 2016/17.

The Committee: **(i)** noted and agreed the dates for TEC and TEC Executive Sub Committee meetings for the year 2016/17), with the exception of the TEC meeting date in March 2017, which would now convene on 23 March (and not 16 March 2017), and **(ii)** agreed a new start time of 10:00am for the TEC Executive Sub Committee meetings, in order for the City of London to attend these meetings.

**12. Minutes of the TEC Executive Sub Committee Meeting held on 11 February 2016 (for noting)**

The Committee noted the minutes of the TEC Executive Sub Committee held on 11 February 2016.

**13. Minutes of the TEC Main Meeting held on 10 December 2015 (for agreeing)**

The Committee agreed the minutes of the TEC Main meeting held on 10 December 2015.

**The meeting finished at 15:45pm**

# **Minutes of the Meeting of the Audit Committee**

## **24 March 2016**

Cllr Roger Ramsey was in the Chair

### **Members Present:**

Cllr Roger Ramsey (LB Havering)  
Cllr Stephen Alambritis (LB Merton)

### **In Attendance:**

Philip Johnstone, Director, KPMG  
Stephen Lucas, Senior Manager, KPMG  
Anna Simmonds, Internal Auditor, City of London

London Councils' officers were in attendance.

### **1. Declarations of Interest**

There were no declarations of interest.

### **2. Apologies for Absence**

An apology for absence was received from Councillor Simon Wales (LB Sutton).

### **3. Minutes of the Audit Committee meeting held on 24 September 2015**

It was agreed that there would no longer be an "Any Other Business" item on future Audit Committee agendas.

The minutes of the Audit Committee meeting held on 24 September 2015 were agreed as being an accurate record.

### **4. Internal Audit Plan 2016/17**

The Audit Committee received a report of the draft internal audit plan for 2016/17, as proposed by the City of London's Internal Audit section under terms of the service level agreement for financial and payroll services. The report also provided details of the proposed rolling five-year programme covering the period up to 2020/21.

David Sanni, Head of Financial Accounting, London Councils, introduced the report and asked members to approve the 2016/17 internal audit programme, and the rolling five-year programme. There were six reviews proposed for 2016/17, as outlined in the report. Frank Smith, Director of Corporate Resources, London Councils, confirmed that regular reviews continued to be carried out on the Grants Programme. Future reviews will look at funded organisations to ensure that they were delivering the required outcomes (this was an area under continuous review). Frank Smith said that, under the current monitoring arrangement, payments would be stopped if any irregularities or omissions were found when checking outcomes/accounts. Councillor Alambritis said that he was pleased with the robust checks that were carried out on the organisations that received grants from London Councils.

The Audit Committee approved the internal audit programme for 2016/17 and the rolling five-year programme, as proposed by the City of London's Internal Audit Service and detailed in Appendix A of the report.

## **5. External Audit Plan 2015/16**

The Audit Committee considered a report that presented the draft external audit plan for 2015/16 prepared by London Councils' new external auditor, KPMG. The draft audit plan informed the Audit Committee of the scope of the external audit of London Councils' accounts for 2015/16.

Philip Johnstone, Director, KPMG, introduced the audit plan. He said the audit team would be led by Stephen Lucas, the Senior Manager from KPMG. He ran through the contents of the plan highlighting the outcome of their assessment of the reporting risks and the materiality levels that had been set for the audit ("Materiality" - page 19 of the report). He said that any changes to the materiality levels during the course of the audit would be reported to the Audit Committee. He said that London Councils was a well-run organisation and a smooth audit was envisaged. The Chair said that he looked forward to future external audit reports from KPMG in due course.

The Audit Committee approved the draft audit plan for 2015/16, as detailed in Appendix A of the report.

## **6. Internal Audit Reviews**

The Audit Committee received a report that provided members with an update of the internal audit reviews completed by the City of London's Internal Auditor section since the last meeting held on 24 September 2015.

David Sanni introduced the report and said that the City of London's internal audit report for the Key Financial Controls could be found at page 28. He said the review concluded that there was a sound control environment in place but also highlighted that the inventory listing should be updated to comply with the financial regulations.

David Sanni informed members that three of the 18 recommendations from the ICT strategy were still outstanding. The delay in implementation was due to complications with the technical solutions applied by the IT contractor. The Chair asked what the timescale was to implement the outstanding IT recommendations. Roy Stanley confirmed that this would take place in the next two to three months. Frank Smith said that the length of time it was taking to resolve these specific IT issues was frustrating as the system, in general, was reasonably secure. He confirmed that the revised Business Continuity Plan would be presented to the Audit Committee on 22<sup>nd</sup> June 2016.

The Audit Committee:

- Considered and commented on the contents of the internal audit report attached at Appendix A;
- Noted the position on outstanding internal audit recommendations detailed in the log attached at Appendix B; and
- Noted that there were no significant control weaknesses identified in the review completed during the period.

## **7. Risk Management – Policy and Public Affairs Risk Register**

The Audit Committee received a report that presented the current Policy and Public Affairs (P&PA) directorate risk register.

Doug Flight, Head of Strategic Policy Group, London Councils, introduced the P&PA report to members. He said that the main risks centred around lobbying, media and communications. Doug Flight said that the only financial risk was P&PA number 11 (potential legal/editorial costs). He confirmed that there were no significant changes from the previous P&PA risk register. Frank Smith said that London Councils had standard libel insurance cover. David Sanni confirmed that the same insurance excess level applied to members and officers.

The Audit Committee noted the current Policy and Public Affairs directorate risk register.

## **8. Treasury Management Update**

The Audit Committee received a report that provided members with an update on London Councils' treasury management strategy. London Councils' cash balances are held by the City of London under the service level agreement for the provision of financial support services. The investment of London Councils' cash balances is covered by the City of London's treasury management strategy, as they are aggregated with the City of London's funds for investment purposes. It was agreed by the Audit Committee in September 2009 that the Committee would receive annual reports on the City of London's treasury management activities.

The Audit Committee noted the City of London's Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17, which could be found at Appendix A of the report.

**The meeting finished at 10.55am**



**Minutes of the Meeting of the Executive**  
**Tuesday 10 May 2016 9:30am**

**Mayor Jules Pipe was in the chair**

**Present**

<b>Member</b>	<b>Position</b>
Mayor Jules Pipe	Chair
Cllr Claire Kober	Deputy Chair
Cllr Teresa O'Neill OBE	Vice chair
Cllr Ruth Dombey	Vice chair
Mr Mark Boleat	Vice chair
Mayor Sir Steve Bullock	
Cllr Peter John OBE	
Cllr Ray Puddifoot MBE	
Cllr Lib Peck	
Cllr Julian Bell	
Cllr Ravi Govindia	Substituting for Cllr Philippa Roe

London Councils officers and Ms Lesley Seary (Islington Chief Executive), Sir Derek Myers (London Councils Challenge) and Mr Ian Hickman (London Councils Challenge) were in attendance.

**1. Apologies for absence and announcement of deputies**

Apologies for absence were received from Cllr Philippa Roe for whom Cllr Ravi Govindia substituted.

**2. Declaration of interest**

Cllr Julian Bell declared an interest as a housing association tenant and Mayor Sir Steve Bullock and Mr. Mark Boleat as members of the Housing Finance Institute Board in respect of item 7 *London Housing Proposition*.

### **3. Minutes of the Executive Meeting held on 1 March 2016**

The minutes of the Executive meeting held on 1 March 2016 were agreed.

### **4. Relationship with incoming Mayoral administration**

The report was introduced by the Chair.

The Executive agreed to note the report.

The Executive agreed to suspend standing orders to take item 8 next

### **8. The Work and Health Programme in London**

Cllr Peter John OBE introduced the report saying:

- In the Spending Review, London had secured a commitment from government to co-design and co-commission this programme with DWP
- Key features of the emerging agreement with DWP were:
  - London's sub-regions would lead the design, development, commissioning and management of the programme
  - There would be some core national policy and commercial design elements of the programme that would need to be adhered to but that these would be kept to a minimum
  - So there would be four different programmes in London, led by London boroughs, with boroughs being responsible for the procurement process and deciding on the provider. We would work with DWP but lead the process.
- This represented a real step forward compared to previous national employment programmes, with a lot more local control. Boroughs would be able to design and

manage the process according to local priorities, on a scale that would provide the opportunity for better integration of local services

- The detail was still being finalised with DWP officials and sign off from Ministers was also needed
- Resources in boroughs and sub-regions would need to be mobilised to undertake a significant amount of design and development work in a short period of time. A pre-qualifying questionnaire and prospectus would need to be developed by the end of July this year and there would need to be a readiness to issue an invitation to tender by October.

Ms Lesley Seary continued the presentation:

- Close contact with Greater Manchester, which had a similar devolution deal, was being maintained
- London Councils was lobbying so that the sub-regions could become ESF co-financing organisations.
- DWP was being pushed for flexibility on direct provision, although this was considered challenging for DWP

Cllr Teresa O'Neill OBE, Cllr Ray Puddifoot MBE and Cllr Ravi Govindia all expressed their support for the proposals and applauded the work so far.

The issue of any borough not part formally of a sub-regional grouping was raised. Ms Seary pointed out that residents would clearly need to be able to access the programme via one of the contract areas. This, in effect, was the same as when a national programme was being run in specific localities and this would not necessitate individual boroughs being forced to join up to the wider apparatus of a sub-regional partnership if it did not wish to.

The Executive agreed to note the report and the progress made towards agreeing a London-led programme with DWP, operating at sub-regional level.

## **5. *Educational Excellence Everywhere* White Paper**

Cllr John also introduced this report saying:

- On Friday 6 May – after the report being considered by the Executive had been circulated - the Secretary of State for Education had announced that she was no longer going ahead with plans to force academy conversion on all maintained schools. Her intention now was to convert all maintained schools to academy status in areas where local authorities were ‘underperforming’, an assessment not yet defined so it was unclear how this would affect London schools
- In the light of the Secretary of State’s announcement on academisation, it was not yet clear how much of the White Paper *Educational Excellence Everywhere* still stood. For example, would the government go ahead with either freehold land transfers for academy conversions or the removal of the school improvement role from local government?
- There were still unresolved issues relating to local authorities’ remaining statutory duties. Even in an only partially-academised education system, it was becoming increasingly difficult to deliver these duties without appropriate powers
- There was likely to be an Education Bill to be announced in the Queen’s Speech next week which should clarify the government’s intentions, a further paper on this would go to Leaders’ Committee in June
- Lobbying around the National Funding Formula continued. The All-Party Parliamentary Group (APPG) for London, which was supported by London Councils, held a backbench debate in the House of Commons last Wednesday on education funding. Over twenty-five MPs attended to put forward London’s views. The Minister committed to a meeting to discuss

London's concerns about funding reductions. This would be followed up with him.

Cllr Teresa O'Neill MBE asked whether local government wanted to have responsibilities around school places and SEN without the resources to fund those responsibilities?

The Chair agreed with Cllr O'Neill and also argued that it looked as though the original government intention of forced academisation would come in by the back door.

Cllr Claire Kober suggested that there was an opportunity not to be constrained by responding only to a top-down Government initiative, but instead to come forward with a London proposition that took account of the capital's very particular circumstances, including the performance of London's schools. Cllr. John said that the Mayor of London might be encouraged to play some part in an aligned London proposition of this type.

Cllr Ruth Dombey thought multi-academy trusts broke down local partnerships but also saw this as an opportunity to come forward with a London proposal.

Cllr Ray Puddifoot MBE wanted to place greater stress on a cross-party approach from London Councils, with national support if possible, rather than joint work with the Mayor. Cllr Kober reassured that the suggestion was not to hand over education responsibility to the Mayor of London but to take a pragmatic approach to the Education Bill.. Cllr Govindia concluded the exchange by suggesting that London Councils developed its approach first before going to the Mayor to seek support.

The Executive agreed to those aspects of the London Councils' response to the proposals (those that were still applicable and had not been superseded) set out in the White Paper *Educational Excellence Everywhere*, particularly in relation to:

- The (subsequently modified) proposal to make all schools academies by 2022
- New duties for local authorities, including making them accountable for facilitation of academy conversions
- A newly defined role for local government in relation to education as set out in the report

- Removal of responsibilities from local authorities including school improvement and alternative provision
- Delivery of remaining duties in relation to education.

## **6. Health and Care Update**

Cllr Teresa O'Neill OBE introduced the report saying:

- This report summarised progress on four pieces of work:
  - Health and care devolution
  - Sustainability and Transformation Plans
  - Better Care Fund
  - HIV prevention in London
- On Health and Care devolution London Councils had made a financial contribution to the London-wide activity in support of the devolution pilots with a priority that it added value and allowed work to be shared with the rest of London
- The next meeting of the London Health Board was to be held on 28 June when a clearer idea of how the new Mayor wanted to engage in health devolution should emerge
- On Sustainability and Transformation Plans, these were introduced by the NHS Planning Guidance published in December of last year. The purpose of the Five-year Plans was to deliver the Five Year Forward View, though there was a heavy emphasis on fixing the financial gap, particularly in the first year, and to provide a coherent plan to deliver the £22 billion efficiency as part of the Spending Review agreement with Government. There were real problems about its timetable and awareness

- On the Better Care Fund, the Spending Review 2015 had made a commitment that by 2019/20 government would make additional funding worth £1.5 billion available to local authorities to be included in the Better Care Fund
- On PrEP (Pre Exposure Prophylaxis), despite the NHS having planned to introduce PrEP for the last 18 months, in March NHS England announced that it no longer considered the provision of HIV prevention drugs as its legal responsibility. This had clear costs-shunting implications for councils as well as health implications for Londoners who would benefit from the drug. London Councils had written to NHS Chief Executive, Mr Simon Stevens and it was raised directly with the Public Health Minister, Ms Jane Ellison MP. The Minister clearly understood the strong feelings expressed. NHS England had recently announced that it would reconsider its position at a specialist commissioning meeting in June
- On the London HIV Prevention Programme – public polling had shown some impressive results and were a great reflection of the work being done through the programme
- It was intended that a report be taken to Leaders' Committee on health and care devolution and STPs

Cllr Ray Puddifoot MBE pointed out the ludicrously fast timetable required by the NHS in part of the STP process.

Cllr Julian Bell was also anxious about STP proposals being rushed through during an election time.

Cllr Ruth Dombey acknowledged the problems about timescales but was more optimistic that boroughs individually, and in groupings, could influence local health economies and provision positively.

The Executive agreed to note the report and to agree that a full report on health and care devolution and Sustainability and Transformation Plans be brought to Leaders' Committee.

## **7. London Housing Proposition**

Mayor Sir Steve Bullock circulated a draft paper he had discussed with other London Government colleagues setting out some possible shared principles on housing delivery. He introduced the report saying:

- London Councils had been working with London local government colleagues to develop a proposition for housing devolution in London that would be capable of significantly increasing housing supply across all tenures and Ministers had indicated a positive ambition to support boroughs
- The House of Commons had rejected most of the amendments to the Housing and Planning Bill made by the House of Lords
- It was likely that there would be an early meeting between London Councils, the new Mayor and the Secretary of State to discuss how to take matters forward
- It was important to note that there were two kinds of collaboration envisaged here:
  - One was a 'coalition of the willing' – interested boroughs signing up to a collaborative delivery mechanism or framework to support cross-borough approaches to housing development. This would remain entirely voluntary
  - The second was a wider, and new, approach to governance on a broad London housing strategy and responsibility for spending London's share of the spending review monies.
- Temporary accommodation was a huge issue



- The new Homes for London Board would need to be more focused and purposeful than the existing Board had been.

Cllr Ravi Govindia indicated that he felt the summary principles paper would need some amendment to reflect issues likely to be raised by Leaders within the Conservative Group. These included greater emphasis on:

- Delivery of soft infrastructure to support growing communities
- Services across borough boundaries especially in Outer London boroughs
- Temporary accommodation: did the Mayor need to have a role in this?
- Purpose-built housing: who would own the stock?
- The role of Housing Associations and developers as part of the governance or consultative mechanisms envisaged
- Construction skills, mention of which was lacking in the paper
- It was unclear what role Housing Zones would play

Cllr John argued that estate regeneration could not be seen as a short or medium term solution, it could take 20 years to deliver a project.

Mr Mark Boleat argued that:

- The best way to stop land prices spiralling was by speeding up the planning process
- There were very large disparities in house-building levels across boroughs
- Developers would build when they could make a profit, it was not possible to force developers to build if they would lose money on a project

- The lack of small and medium-sized developers in London was a problem

Cllr Govindia advocated open and transparent viability assessments.

Cllr Julian Bell took the view that the issue of viability assessment publications should be left to the borough.

In response to a question from Cllr Teresa O'Neill, Mayor Bullock pointed out that the paper had started out as an attempt to talk to boroughs and the City but it would be enormously helpful if it were possible to go to the Secretary of State with a broad aspiration that collected views of the London local government generally, without it specifically committing any boroughs to detailed propositions at this point. He cautioned that pressure would soon start to mount for a tripartite discussion involving London Councils, the Mayor and ministers.

Cllr Govindia he said he would like to be able to share the draft principles with colleagues on the basis that there would be improvements and further versions to reflect the comments he and others had made.

The Executive Committee agreed to note the update on the emerging London housing proposition.

Mayor Bullock concluded by undertaking to seek clarity on the timetable and communicating it on to colleagues.

## **8. The Work and Health Programme in London**

The report had been taken previously.

## **9. Nominations to Outside Bodies**

The Executive agreed to note the proportionality of London Councils appointments to outside bodies.

The Executive ended at 11:35

	Item	Action	Progress
5.	<b><i>Educational Excellence Everywhere White Paper</i></b> <ul style="list-style-type: none"><li>• A report on Education Bill expected in the Queen's Speech in the following week to go to Leaders' Committee in June</li><li>• Follow up the Minister's commitment to a meeting to discuss London's concerns about funding reductions.</li><li>• London Councils develop its approach first before going to the Mayor.</li></ul>	<b>PAPA CS&amp;E</b>	Completed
6.	<b>Health and Care Update</b> <ul style="list-style-type: none"><li>• A report on health and care devolution and Sustainability and Transformation Plans to be brought to Leaders' Committee.</li></ul>	<b>PAPA Health</b>	Completed
8	<b>London Housing Proposition</b> <ul style="list-style-type: none"><li>• Mayor Bullock to seek clarity on the timetable and communicate it on to colleagues.</li></ul>	<b>PAPA Housing</b>	In hand