

Executive

13th September 2016: 9.30 am

London Councils offices are wheelchair accessible

Location: Room 5

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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

**Minutes of the Meeting of the Executive
Tuesday 21 June 2016 9:30am**

Mayor Jules Pipe was in the chair

Present

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

London Councils officers and Sir Derek Myers (London Councils Challenge) and Mr Ian Hickman (London Councils Challenge) were in attendance.

Before the meeting started the Chair congratulated Cllr Ruth Dombey OBE on the receipt of her honour, congratulations echoed by members of the Executive.

1. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Philippa Roe for whom Cllr Ravi Govindia substituted, Cllr Lib Peck and Cllr Peter John OBE

2. Declaration of interest

No interests were declared.

3. Minutes of the Executive Meeting held on 10 May 2016

The minutes of the Executive meeting held on 10 May 2016 were agreed.

4. Policy Developments following Leaders' Committee

The Chief Executive introduced the report saying:

- The principles underpinning London Councils approach to Business Rates reform had been agreed at Leaders' Committee on 7 June
- Conversations with GLA officials and the Mayor's office had indicated likely agreement of a joint submission based on them
- A consultation paper was expected in the next couple of weeks and Communities and Local Government (CLG) officials had welcomed London Councils' approach
- Work continued as before on Skills and Employment support
- DWP officials appeared to be close to agreeing the shape of the Health and Work programme and although issues around how the funding was to be devolved remained challenging a report was likely to come to Leaders' Committee in July
- Cllr Teresa O'Neill OBE had been preparing for the following week's meeting of the London Health Board, the first of the new Mayoralty

The chair then called on Mayor Sir Steve Bullock and Cllr Ravi Govindia to present the latest developments on Housing, Mayor Bullock spoke first, as follows:

- He and Cllr Govindia had had a meeting with Rt Hon Greg Clark MP, Secretary of State (SoS) for Communities and Local Government which he had found reassuring
- He had the sense that the SoS was keen to maintain the momentum that had developed through conversations with him and other ministers and the new Mayor and wanted to see a tripartite headline agreement involving Government, Mayor and boroughs
- The approach continued to be around a two-stage agreement, a first stage to be agreed over the next few weeks and detailed work over the summer
- He expected that he and Cllr Govindia would be in the room when agreement was reached and that they would be able to endorse the deal but could not commit every borough to it.

Cllr Govindia continued:

- He agreed the SoS was keen to achieve a three-way deal involving a commitment to significant increases in the supply of housing
- Boroughs put in land it would need to have a say on how land in their borough was to be used. Clearly, financial contributions needed to be accompanied by greater influence
- There was a need for hard and soft infrastructure as part of housing delivery
- Homes for London should be differentiated from Homes for Londoners, there was a need for the people who would make London vibrant
- The Government was warmer to home ownership than it was to rental and that needed to be reflected in future approaches.

Cllr O'Neill agreed for the need for a two-stage deal.

Cllr Ray Puddifoot MBE argued that if targets were to be achieved some of London's boundary needed to be extended, perhaps by 250yards, perhaps half a mile and he agreed with Cllr Govindia's point that London needed the type of people it needed for the success of the city.

Cllr Claire Kober OBE suggested that boroughs needed collectively to be part of an initial tripartite agreement in order to demonstrate commitment. The question of London's boundary needed to be considered in the context of the Mayor's manifesto commitments and wider tactical issues.

Cllr Dombey said that people were moving to live out of London while commuting back into town to work and commented on the inter-relatedness of London and surrounding areas, she said a traffic jam in Guildford had an effect on Kingston and Sutton.

Mr Mark Boleat made two points:

- London was not densely occupied compared to other major world cities and
- Travel in London was expensive.

Mayor Bullock concluded by saying in the two-stage approach there may be boroughs that would never sign up to the second stage and they would have to deal with the consequences.

5. London Councils – Consolidated Pre-Audited Financial Results 2015/16

The Director of Corporate Resources introduced the report saying:

- Following the abolition of the Audit Commission Act 1998, with effect from the 2015/16 financial year, London Councils was no longer obliged to produce an annual statutory account to a statutory deadline for each of its three funding streams, as the successor legislation, the Local Audit and Accountability Act 2014, did not apply to joint committees
- However, London Councils had an on-going obligation to prepare and arrange for the independent audit of the three annual accounts, outside of any statute, and there was still a requirement to submit audited accounts under the Companies Act 2006 for London Councils Limited
- As a result of these continuing obligations, the London Councils Audit Committee agreed that London Councils should continue to prepare three separate accounts under the existing Local Authority Accounting Code of Practice and that the accounts should be independently audited and presented to members broadly in accordance with the previous statutory timescale
- Following a procurement exercise and a recommendation by the Audit Committee, Leaders' Committee agreed to appoint KPMG LLP as London Councils external auditor for a three year period commencing 1 April 2015 ending a seventeen-year period when that function had been performed by PWC
- There was a provisional consolidated outturn surplus of £3.293 million for 2015/16
- The provisional level of reserves of £12.64 million as at 31 March 2016 reduced to £7.242 million once known commitments of £5.398 million were taken into account
- Separate outturn reports have been produced for Grants and TEC and would be considered by the respective Committee's during July;

- Monitoring of outcomes of commissions was working well for Grants identifying early any potential problems and where appropriate, withholding payments
- For TEC the Lorry Ban contractor continued to enforce effectively and greater functionality derived from the CMS had allowed the bad debt provision to be reduced and more income recognized in the accounts
- Revenue from Employers Organisation related work and from other sources of income such as room-bookings had significantly exceeded budgeted targets
- The pensions fund deficit was down £2 million over 2014/15 but was still at £23 million and factors impacting upon this were familiar across public sector bodies.

Cllr Puddifoot congratulated officers on the quality of the report and how good the year had been financially and urged that the reserves should not drop below the current £7m figure.

The Executive agreed:

- To note the provisional consolidated outturn surplus of £3.293 million for 2015/16 and the provisional outturn position for each of the three funding streams
- To approve the carry forward of £23,000 into 2016/17 in respect of planned NOTIFY system developments
- To note the provisional level of reserves of £12.64 million, which reduced to £7.242 million once known commitments of £5.398 million were taken into account
- To note the updated financial position of London Councils and
- To agree to receive a further report in November 2016 after the completion of the external audit by KPMG LLP to adopt the final accounts for 2015/16. The final accounts would be signed off at the meeting of the Audit Committee on 22 September 2016, at which KPMG would formally present the Annual Audit Report to for approval.

The meeting ended at 10:20

Recommendations The Executive is asked to note the contents of the report and comment on the draft summary response at Appendix A.

Business Rates Devolution and the London Finance Commission

Introduction

1. Since the Chancellor's announcement that local government would retain 100 per cent of business rates by 2020 in October 2015, London Government has been working collaboratively to develop a strategic pan-London response to the reforms.
2. 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 which has so far met three times.
3. The Government committed 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." Officers from London Councils, the GLA and the Society of London Treasurers have been attending a series of technical working groups at DCLG since April.
4. In June, Leaders' Committee and the Mayor of London agreed a set of key principles on which to build a pan-London approach to the reforms, which was formally submitted to the Chancellor of the Exchequer and the Secretary of State for Communities and Local Government on 1st July.

The Consultation

5. DCLG launched a detailed consultation on July 5 entitled *Self-sufficient Local Government: 100% Business Rates Retention*. London Councils, working with the GLA, is developing a detailed joint response. It is proposed that this builds on the principles agreed in June to spell out a set of "asks" of Government that would be necessary to implement those principles in full. Appendix A presents a draft summary of those asks for Executive to consider.
6. The consultation is open and asks for comments on broad proposals rather than the Government's preferred options at this stage. It focusses on areas of the business rates retention system that will specifically require new legislation (likely to be in early 2017). This includes:
 - Devolution of responsibilities
 - The business rates system: rewarding growth and sharing risk
 - Local tax flexibilities
 - Accountability and accounting.

7. Alongside the main consultation, DCLG has published a separate call for evidence on the forthcoming *Fair Funding Review* (again with a deadline of 26 September). London Councils will draft a separate response to this consultation. A more detailed technical consultation on this is expected in the autumn. The Government's timetable on this work is longer, with the final consultation on the needs formula not expected until the summer of 2018.

Timetable and next steps

8. Following discussion at Executive, London Councils officers will continue to work with GLA officials to finalise the draft response, including the detailed responses to the Government's consultation questions. Further input will be sought from borough chief executives and finance directors at the CELC and SLT meetings on 16 September.
9. A further meeting of the Leaders' Working Group is being arranged to discuss the proposals and the consultation response (w/c 19 September), before final sign off by group leaders. Final sign off with the Mayor will also be arranged in order to meet the deadline for submission of 26 September.

The London Finance Commission

10. At the same time as these significant reforms to business rates, the Mayor of London has reconvened the London Finance Commission (LFC). This originally reported in 2013 and set out bold proposals for fiscal devolution to London Government including full devolution of the 5 main property taxes (including 100% of business rates). Leaders' Committee and the Mayor of London endorsed the recommendations.
11. Professor Tony Travers of the London School of Economics is once again chairing the reconvened LFC. It met for the first time in August, with an interim report expected in early October and an aim of reporting in time to influence the Autumn Statement. London Councils will be represented on the Commission by Cllr Kober, Cllr O'Neill, with John O'Brien and Guy Ware acting as official observers, and among those supporting Professor Travers in his work.
12. It is likely that the recommendations of the Commission will be more ambitious than in 2013, recognising the changing macro-economic and political circumstances in light of June's EU referendum result. This may provide an opportunity for London Government to make some significant asks of the new Chancellor in his first Autumn Statement. London Councils and GLA

officers will support the Commission specifically on its business rates recommendations, and more broadly on further proposals around broader fiscal devolution.

Recommendations

1. The Executive is asked to note the contents of the report and comment on the draft summary response at Appendix A.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendix A

“Self-sufficient local government: 100% Business Rates Retention”

A joint consultation response by London Councils & the Greater London Authority: Summary

1. This paper sets out a joint position on how we believe the reforms should be implemented in London in order to benefit not just the capital but the local government sector – and the UK economy - as a whole. This develops a set of key principles that were agreed by London Councils Leaders' Committee and the Mayor of London in June, and formally submitted to the Chancellor of the Exchequer and the Secretary of State for Communities and Local Government on 1st July.

Rationale for London devolution

2. The Government's proposals to localise business rate income create an opportunity to secure devolved responsibility for an important strand of local government funding – to which London has a long-standing commitment. Developing a successful London approach will help protect and promote economic growth in the capital –and therefore in the UK as a whole - will secure funding for public services and strategic infrastructure investment, and will support local public sector reform and enhance the accountability of London Government to its business taxpayers.
3. In order to achieve this, however, it will be necessary to recognise that London's circumstances may require different solutions to other parts of the country, and that those solutions require joint and collective approaches by all parts of London Government. It will also be important to overcome some of the key flaws of the existing business rates system.
4. London's economy is vital to the success of the UK as a whole. In 2013/14 London generated £127 billion in tax – exceeding the cost of public services in the capital by £34 billion. But London's economy – and its business rate taxbase – is different to the rest of the country: with only 16% of England's business premises, it currently generates around 30% of business rate income; 68% of those rates come from office and retail premises, compared to only 43% elsewhere.
5. Two key elements of the current system could undermine the Government, and London's, ambition to use business rates to provide incentives and rewards for promoting growth: appeals and revaluations.
6. The effect of appeals – particularly in London – has been to undermine the benefit of growth, to introduce an unacceptable degree of uncertainty in funding and to tie up vast amounts of resources in provisions for successful appeals.
7. Under the current system, where the total business rates yield is fixed at the national level, revaluations act as a redistribution mechanism over and above the resetting of business rates and funding baselines. This will be brought home in the impact of the revaluation due to come into effect in April 2017. In areas in which property values rise faster than the national average, rates paid by businesses will rise, while those paid in other areas will fall. This has two interrelated consequences which potentially undermine the Government's policy objective. Firstly, the burden of business rates will fall on a smaller and smaller number of businesses (we

estimate that, under current arrangements, London businesses' contribution would double from 30% to 60% of the total). Secondly, the taxbase in areas with lower rates of property market growth is artificially depressed, thus leaving local authorities in those areas increasingly reliant on top-up funding and increasingly unable to benefit from the economic growth they are seeking to promote.

8. The difficult balance between rewarding growth and reflecting needs in local government funding is also made harder by a national approach which seeks to address the issues of authorities of hugely different scale, geography, demography and economic activity. The result is complex, opaque and promotes unhelpful division. A more devolved approach could improve clarity and accountability.
9. London's proposals, as set out in the thirteen "asks" summarised below, would help address these problems in ways that would not only help London manage its future sustainable economic growth, and the financial sustainability of its local public services, but would benefit local government in the country as a whole.

Retention level

10. The level of rates retained is inextricably linked with the additional responsibilities to be funded (see Ask 2 below). Following the 2017 revaluation it is likely that London's rates will exceed current spending responsibilities (including those agreed for transfer in April 2017) by around £4 billion. Transferring additional spending responsibilities to match these resources would maintain "fiscal neutrality" ensuring that neither the government nor the rest of the local government sector is financially disadvantaged. It could also provide the opportunity to pilot devolution approaches across a range of services. The headroom anticipated would be sufficient to fund all of the grants and services London would seek to transfer (see Ask 2).
11. If however, the agreed national approach requires a lower level of transfer and a continued contribution from London, this should be calculated as a single aggregate tariff for London, based on regional business rate and funding calculations (see Ask 7). London Government would then take responsibility to manage top-ups and tariffs to balance to zero *within* London.

Ask 1 – London Government seeks to explore full retention of the business rates collected in the capital by 2020; if London does not retain 100 per cent of its business rates, we ask that the tariff is one single payment at the aggregate London level

Additional responsibilities

12. The Government consultation identifies a list of grants and services for potential transfer. London would seek the transfer of those responsibilities which best support its ability to promote economic growth and implement local public sector reform. As stated above, the future level of business rates in London would be sufficient to fund all of these within the capital (see Annex 1 for details); but the same is not true for the country as a whole. If the level of transfers has to be scaled to match the national total of business rates (rather than, say, Government identifying additional budgets to devolve) London's priorities would be to transfer those responsibilities which best support its ability to promote growth and implement local public sector reform.

Ask 2 – London Government would prioritise the transfer (over and above what has already been decided) of:

- **Skills - 16-19 funding**
- **Adult Education Budgets**
- **Work and health programme**
- **Capital funding for Affordable Housing; and**
- **Early Years funding**

13. Devolution should be an on-going process, not confined to those services which can be funded by current business rates. Any future transfers should be accompanied both genuine transfer of control of the services concerned as well as clarity about future funding – whether through increased business rates yield, other devolved taxes or government grant.

Ask 3 - London Government would wish to agree prior to the start of the 100 per cent retention system a robust mechanism for negotiating and agreeing with central government any new responsibilities that are to be delivered in the capital beyond 2020

Revaluations and Resets: balancing needs and resources

14. As indicated in paragraph 5, the current revaluation system distorts both the economic effectiveness of the tax and the taxbase of local authorities around the country: in future that taxbase should rise or fall in line with economic performance. London believes that sub-national areas that can show to government they are willing and capable of delivering devolved control of business rates should be allowed to benefit from increases, and manage the risk of decreases, in their taxbase arising from changes in valuation. Breaking the link between revaluation and the fixed quantum of tax yield benefits both those areas where commercial property markets are strong and those where they are not. Where values rose, local authorities would be able to fund additional investment or services, or reduce the multiplier while maintaining current expenditure levels. This would both underpin devolved local government and improve local political accountability.

Ask 4 - London Government asks for London's business rates to be "de-coupled" from the national valuation system.

15. Government is considering changes to the frequency of valuations and the appeals process they inevitably generate. However, accountability for the accuracy and timeliness of decisions would still not be aligned with their impact on local authorities' finance. Once London's rates were "de-coupled" from the national valuation system, greater alignment could be achieved by a corresponding devolution of the valuation process to match devolved control and accountability for raising rates.

Ask 5 - London Government calls for the ability to determine its own valuation system to be administered by a regional valuation office for London.

16. Finding the appropriate balance between risk and reward - meeting need and incentivising growth - is perhaps the biggest challenge in setting up the 100 per cent retention system. We believe that, within a London retention system, the frequency of resets of business rate and funding baselines should be determined locally by London Government. We would seek to manage future resets 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. We think that it should be possible to reset funding and business rates on different timetables,

for example with business rates baselines being set over a longer period (10 years for example) and funding baselines being reset more frequently (every 3 years for example), and would explore options around this.

Ask 6 – London Government calls for the ability to manage future resets of business rate and funding baselines, and their impact, within London.

17. Measuring relative need to spend will be a key factor in any reformed system that balances authorities' capacity to spend and raise tax. There is common agreement across the sector that any new needs assessment system should be less complex and more responsive to changes than the current system. A potential solution could involve a two-stage approach to assessing need. The first stage would be an assessment of needs at a suitable sub-national level, followed by a more local/sub-regional approach to allocate within these areas.
18. Such an approach would:
 - be less complex and therefore more transparent;
 - be more responsive to population changes; and
 - give London boroughs and the GLA more collective ownership over the process and therefore would build trust that the system is fair.

Ask 7 – London Government proposes a two-stage process in which a regional needs assessment for the capital would be combined with the ability to vary a needs formula within London over time to reflect local circumstances.

Determining the allocation of resources between tiers of London Government

19. The allocation of resources in London should follow the responsibilities to be funded. The starting point should therefore be the agreed transfer of responsibilities: any future revisions should be periodically agreed and managed by London Government.

Ask 8 – London Government asks for the ability to decide collectively for itself how business rates are shared between the boroughs and the GLA.

Setting Business Rates – flexibilities

20. London Government would wish to explore options for either a collectively agreed single multiplier across London, or two separate multipliers with the Mayor of London being granted the ability to set a proportion of the rate on a London wide basis, and boroughs collectively setting the rest of the multiplier.
21. Following successful implementation of a London scheme, however, we would want to explore with Londoners how this could be developed towards 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.

Ask 9 – London Government initially seeks the flexibility to determine the business rates multiplier(s) in London, agreed collectively between the Mayor and London's borough Leaders over a defined period

22. In the short term, it will be important that the 2% infrastructure levy opportunity offered to Combined Authority areas should also be available in London, over and above the existing Business Rate Supplement that funds Crossrail.
23. Mandatory reliefs awarded in London will amount to around £650 million in 2016-17, and are currently set by central government. London Government believes these could be used more constructively to improve local economies and to encourage greater dialogue and engagement between councils and local businesses. London Government should have the collective ability to set the qualification criteria and thresholds of the existing mandatory reliefs currently set by central government (and the discretionary elements of those schemes), as well as determining new mandatory relief schemes periodically when deemed necessary. This would include the small business rates relief threshold. Where individual boroughs or the Mayor wished to offer additional discounts over and above a collective scheme agreement, this could be achieved through adjustments to their retained rates.

Ask 10 – London Government seeks the flexibility to determine all business rates discounts and reliefs, including scheme parameters and thresholds

Distributing the benefits of growth

24. Within a devolved system, any business rate growth could be retained by boroughs and the GLA in line with their overall share. 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.
25. This could be achieved by retaining a central pool for distribution according to collective priorities. Ultimately, however, this should be a matter for London Government to determine.

Ask 11 – London Government asks for the ability to determine collectively how the proceeds of growth are shared within London

Managing risk: safety nets and the Central List

26. If the move to 100% retention is to be successful then the need to share and manage risk effectively will be essential. However, the balance between central and local responsibility cannot be separated from the questions of the overall proportion of rates retained, and the degree of local control allowed.

Ask 12 – Under a devolved retention system, London Government asks that the safety net mechanism and thresholds are determined locally by London Government

27. The central list has been identified as a potential source of funding for future safety net arrangements. Where responsibility for such arrangements is devolved, it would be appropriate also to maximise local access to the rates derived from properties currently held on the central

list. This would also increase opportunities and incentives to maximise the value and use of such assets where possible.

28. London local government considers that, unless there is a clear case for an assessment to be on the central list, it should be on either a local list or regional list.

Ask 13 - London Government would seek to transfer central list properties to either a local or regional list wherever possible, including the transfer of TfL's separately identifiable assessments potentially as a single TfL operational assessment.

Governance

29. 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. In return for the level of devolution and autonomy London Government is asking for, central government will require reassurance that London is capable of governing such a system collectively.
30. The proposals set out in this paper generate three classes of decisions for London to Government address:
- ***Initial set-up:*** decisions and agreement with Government on the scheme design, including the level of retention, responsibilities transferred, the basis and frequency of revaluations, and resets, the allocation of resources between GLA and boroughs, the multiplier(s), the framework for discounts and reliefs, the distribution of growth proceeds, the operation of a regional safety net and a regional list. Such decisions would need to be taken collectively – and unanimously – by the Mayor of London and Leaders.
 - ***On-going tax-setting and resource allocation:*** annual decisions such as setting the multiplier(s) and allocating the collective growth pool; periodic decisions such as agreeing revised baselines and changes to the needs formula. These decisions would need to be taken collectively by the Mayor and Leaders, building on the existing Congress arrangements, with appropriate voting and other principles consistent with the London Finance Commission in 2013, built in to ensure the appropriate protection of minority interests within London.
 - ***Technical underpinning and review:*** it may require two independent technical commissions to manage on-going work around valuation (including the performance of a regional VOA) and the operation of the tax, and around maintaining the needs formula and distribution model. Political oversight of these commissions could be undertaken by the Governance structures described above.

Annex 1: Additional Responsibilities

1. London Government believes, when determining the existing grants and new responsibilities that should be funded by business rates, priority should be given to responsibilities that maximise London Government's ability to improve the life of Londoners, the effectiveness and efficiency of its public services, and the future economic success of the capital.
2. We would therefore wish to prioritise the transfer of grants and responsibilities that:
 - have a direct relationship to business;
 - help tackle key infrastructure challenges, including housing and transport; and
 - have a compelling public service reform case to be delivered more efficiently and effectively by local government.
3. As such, London Government believes the following grants and responsibilities (listed in Table 4) are suitable candidates to be transferred.

Table 4 – Existing grants & new responsibilities - Suitable candidates for transfer

	Existing grant or responsibility	Reason(s)	Estimated London value in 2019-20 (£bn)
Early Years Block of DSG	Grant	PSR	0.748
Revenue Support Grant	Grant	PSR	0.538
Public Health Grant	Grant	PSR	0.628
Skills - 16-19 funding	New responsibility	Business link/PSR	0.449
Affordable Housing capital funding	Grant	Infrastructure	0.417
Improved Better Care Fund	Grant	PSR	0.247
Adult Education Budgets	New responsibility	Business link/PSR	0.227
Youth Justice	New responsibility	PSR	0.054
Valuation Office Agency	New responsibility	PSR	0.050
Housing Benefit Admin Subsidy	Grant	PSR	0.033
Independent Living Fund	Grant	PSR	0.019
Council Tax Support Admin	Grant	PSR	0.015
Work and health programme	New responsibility	PSR	0.014
Careers Service	New responsibility	Business Link/PSR	0.009
Rural services Delivery Grant	Grant	PSR	n/a
Transport capital (outside London)	Grant	Infrastructure	n/a
Total grants & responsibilities			3.448
Total "headroom" in 2019-20			3.975
Remaining capacity			0.527

NB: The RSG figure here is net of the GLA's RSG which will be funded from business rates from April 2017. TfL Capital grant is also not included as this will be transferred in 2017-18.

Executive

Devolution and Public Service Reform – Next Steps

Item no. 5

Report by: Doug Flight **Job title:** Head of Strategic Policy
Date: 13 September 2016
Contact Officer: Doug Flight
Telephone: 020 7934 9805 **Email:** Doug.flight@londoncouncils.gov.uk

Summary: This paper provides an update on London government's programme of devolution and reform, including opportunities emerging as a result of discussions convened over the summer by the Mayor of London.

This item also provides the Executive with the opportunity to hear and consider verbal updates on the very latest progress in these discussions and thus to help shape the next stage of London's proposition to Government.

Recommendation: The Executive is asked to:

1. Note the progress reported, including the emerging joint initiative championed by the Mayor of London.
 2. Provide guidance on shaping the next stage of London's proposition to Government.
 3. Note the position achieved in discussions with the DWP on the Work and Health Programme.
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Devolution and Public Service Reform – Next Steps

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 in summer 2015, which set out practical ideas for further devolution to London in support of public service reform.
2. This report opens with a summary of the emerging joint devolution initiative which is being championed by the Mayor of London, following a Devolution Summit which he convened in July 2016.
3. In parallel, negotiations with Government and partners continue in relation to key components of the 2015 London Proposition for devolution and public sector reform. This report concludes with a brief update on these discussions, noting in particular, the position reached in discussions with the DWP on commissioning the Work and Health Programme.

Recent Developments

4. The Mayor of London convened a summit meeting on 14 July 2014 to consider further Devolution for London. The purpose of the discussion was to take stock of where London had reached in its devolutionary and reform ambitions and to seek to gauge the initial views of key London Government and wider stakeholders about the level of appetite for further devolution and reform.
5. The Summit, which was chaired by the Mayor, included cross-party representation by London Councils leading members¹, the City of London Corporation, the London business community, the London Assembly, the Mayor's Office and the co-chairs of the All Party Parliamentary Group for London, Bob Neill MP and Steve Reed MP.
6. The Summit discussed the importance of further and faster devolution to London, particularly in the context of the need to protect London's economy from the uncertainty

¹ Councillor Lib Peck, Councillor Ravi Govindia

ahead, following the outcome of the referendum into Britain's membership of the European Union.

7. In the discussion, a number of key themes emerged:
 - Agreement that the work of the London Finance Commission needed to be updated to reflect the current context.
 - The Mayor would work through London Councils to ensure that boroughs were involved in the process, underpinned by an understanding that the fact that London is not a single homogenous unit.
 - Recognition of the importance of involving business representatives.
 - The importance of deepening the relationship between London and its immediate hinterland as part of the devolution agenda.
 - Recognition of the potential provided by the All Party Parliamentary Group for London.
 - The importance of building public engagement.
8. The Mayor subsequently met with the Chancellor to discuss the impact of the referendum result on the Capital's economy. Following this meeting, London government is now working to prepare a submission setting out options for further devolution to London, with a view to this being ready in advance of the Autumn Statement.
9. Following the Summit and meetings with Ministers:
 - The London Finance Commission has been re-established and an interim report is envisaged in early October.
 - GLA officials are working with London Councils' officers and wider London local government colleagues on a list of key devolution requests on behalf of London government that could be put to the Chancellor in the early autumn.
10. The proposed package of key devolution requests will need to demonstrate how it contributes to protecting and growing London's economy. It is envisaged therefore that it may encompass the following themes:

Skills and employment

- Potential further Skills devolution, including powers over the Adult Education Budget (AEB); 16-19 provision in the capital; any unspent apprenticeship and the National Careers Service.
- Potential further devolution of employment provision and advice to permit the provision of an integrated local offer.

Fiscal devolution

- Potential devolution of further tax and spending powers once the London Finance Commission has issued its second report in November.

Transport

- Potential devolution of further inner-suburban rail services to improve services and support new homes and jobs

Housing and planning

- Potential devolution of a range of powers to support the Mayor and boroughs in boosting housing supply, including areas identified in 2015 joint submission.

11. There will also, nonetheless be an opportunity to flag up our expectation that the Government will engage fully with the asks which will be submitted later in the year as part of the London Health and Care Devolution agreements made with the then Chancellor, last December. Discussions may extend to exploring the potential for a form of improved governance that recognises boroughs as an equal partner with the Mayor.
12. The Mayor is discussing the initiative directly with the Chair of London Councils, Councillor Kober. A verbal update on the outcome of this meeting will be provided to the Executive. It is envisaged that negotiations with officials in Government will follow this formal submission.
13. To support the developing work, GLA officials will collaborate closely with senior borough officers, in liaison with the Chief Executives Devolution and Public Service Reform Sub Group. The Sub Group was convened by London Councils and the GLA to support the development of joint work on Devolution and Public Service Reform in the Capital, including the 2015 London Proposition. It is well placed to develop further

work in support of London's collective initiatives and it includes representation from each of the borough groupings as well as thematic leads.

Progress on Employment Support Devolution

14. The 2015 Spending Review announced the creation of a new Work and Health Programme that will launch from 2017 onwards. It contained a specific commitment 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. The Work and Health Programme will provide employment support for Jobseekers Allowance (JSA) claimants unemployed for 2 years or more and for people with health conditions and disabilities and will operate over a four year period (2017-2021).
15. London Council officers, alongside officers from the London boroughs, sub-regional partnerships and the GLA, have undertaken extensive discussions with DWP officials about the agreement and the design of the Work and Health Programme in the capital. The basis of the discussions had been that London, via its four sub-regions, would lead the design, development, commissioning and management of the Work and Health Programme, working with DWP and within some core minimum national policy and commercial design elements.
16. In August 2016 DWP officials proffered a draft Memorandum of Understanding which significantly changed the terms of the envisaged deal on sub-regional commissioning of the Work and Health Programme. In addition to stepping back from devolution of funding and commissioning, officials had also set an unrealistic deadline of 26 August.
17. At the time of drafting this report, strenuous efforts were being made to broker a better outcome with senior officials. These discussions involve officials from DWP, HM Treasury and CLG.

Progress with other elements of the summer 2015 Proposition.

18. Work continues to progress in relation to the other elements of the 2015 proposition and will be reported to Leaders in detail at a later date. In the interim, the key points to note are:

I. Skills

- As the Area Reviews of Further Education continue, a number of FE colleges are already putting plans for change into place.
- Concerns remain about the lack of a broader ambition to reform the overall skills system.
- London Councils has commissioned work which might support the development of a complementary London vision for a reformed FE system that would be responsive to local need.

II. Health

- As set out in a separate report to today's meeting, learning from the pilots is leading to the development of 'asks' which will be formally put to Government at the end of the year.

III. Criminal Justice

- The Charlie Taylor review of youth justice was still awaiting publication at the time of drafting this report.
- The review may open up the potential for further discussions with MOPAC on next steps, including exploring the potential for collaboration in the light the approach that the Ministry of Justice takes following the review.

IV. Housing.

- Sir Steve Bullock and Cllr Ravi Govindia are engaged in a dialogue with the Deputy Mayor for Housing about the delivery of housing in London.
- An officer level Housing Sub Group has been established, which includes sub-regional representation.
- The Sub Group is looking to scope what would be required to establish a collaborative vehicle for interested authorities to boost the supply of housing.

Considerations

19. This is a significant time for the development of devolution and public service reform policy in the context of:

- The policy aspirations of the new Prime Minister and the new Mayoral administration.

- The imperative of protecting London's economy from uncertainty, following the outcome of the Referendum into Britain's membership of the European Union.
- The narrow window of opportunity to influence the Chancellor's Autumn Statement and early thinking on the 2017 budget.
- The potential to explore bolder and more ambitious asks in relation to devolution and public sector reform in the Capital.

20. The discussion under this agenda item will provide the Executive with the opportunity to shape the policy response, including development of the proposed London devolution asks that the Mayor and Chair have been discussing.

Recommendations

The Executive is asked to

1. Note the progress reported, including the emerging joint initiative championed by the Mayor of London.
2. Provide guidance on shaping the next stage of London's proposition to Government.
3. Note the position achieved in discussions with the DWP on the Work and Health Programme.

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. However, core elements of the propositions are targeted at improving outcomes for groups of people with protected characteristics, notably improving employment outcomes for disabled people.

Executive

Health and care devolution – Emerging asks

Item 6

Report by:	Clive Grimshaw	Job title:	Strategic Lead for Health and Adult Social Care
Date:	13 September 2016		
Contact Officer:	Clive Grimshaw		
Telephone:	020 7934 9830	Email:	Clive.grimshaw@londoncouncils.gov.uk

Summary: This report provides an update to Executive on emerging developments in health and care devolution and seeks agreement in principle to the governance of agreement on final propositions.

Recommendations Executive is invited to note and endorse the process for engagement with London Councils' Executive and Leaders' Committee between September and December 2016 as set out in paragraph 11 and to note that a report will be presented to Leaders' Committee in October.

Health and care devolution – Emerging asks

Background

1. This paper updates Executive on the emerging health and care devolution asks for London and sets out an approach to engagement with pan-London political and professional leadership and to governance for reaching agreement in respect of London's proposition to Government in December 2016.

Health and Care Devolution - Progress in the first half of 2016

2. The first half of 2016 has been a period of building governance infrastructure and developing a more detailed understanding of the London asks and the evidence base for devolution. A report to Leaders' Committee in April 2016, and update to Executive in May 2016, reported the progress in establishing governance and emerging high level issues in respect of the estates pilot. Members will recall that under the Collaboration Agreement London partners agreed to establish the London Health and Care Devolution Programme Board, Chaired by the London Chief Executive lead for health. This is the coordinating and convening machinery for the operational leadership of health and care devolution and reports into the London Health Board.
3. The meeting of the London Health and Care Devolution Programme Board on 29 July marked a significant milestone – the high level menu of devolution propositions received endorsement with an explicit expectation on London Partners to undertake a process of engagement with constituent members to further refine asks and gain a measure of the system's appetite for devolution asks as they are emerging. Details of the asks as of July 2016 are set out in this report.
4. For London local government, the process of engagement presents a complex challenge. There are multiple stakeholder groups who are critical to the success of reaching December with a strong and binding agreement on London's devolution asks. This will include being assured of active engagement with individual pilot projects, London borough leaders and borough chief executives.

5. For London to deliver against the December deadline to report on devolution asks, the coming 3 months will be a critical phase during which to:
 - Strengthen communication and engagement across the system at a political and operational leadership level.
 - Engage more intensively with a political audience at the pilot and pan-London level as appropriate to socialise asks and shape propositions.
 - Agree the final December asks.

Emerging asks for devolution of health and care

6. Pilot areas have been active in refining the evidence base and specificity of devolution propositions. **Attached** as appendix A is a summary of the vision for devolution as described in the Strategic Outline Case as prepared by boroughs and their pilot partners.
7. The following high level summary describes the key propositions being brought forward.

Estates

Key issues and asks:

- I. Local prioritisation and investment of capital receipts.
- II. NHS capital business case approval to be accelerated and consolidated through the implementation of a jointly owned and collaborative process; and potentially devolved to sub-regional or London level.
- III. All capital receipts generated by the London system would be retained within London, in line with gainshare principles to be negotiated and agreed.
- IV. Greater collaborative work to understand how we can work with regulators to obtain benefits from a joined up London approach.

Integration

Key issues and asks:

- I. Full devolution of primary care commissioning to Borough/CCG level.
- II. The ability to adopt new payment models and vary national contracts, within a regionally developed framework, including new approaches to

innovative models of payment for non-vanguard sites encompassing issues relating to tariff flexibilities, multi-year funding cycles and the ability to pool budgets (including across primary and secondary care and the current commissioner/provider split).

- III. A streamlined and better aligned regulatory regime, including CQC and NHSI functions, to a system-wide view. This would be enabled through delegations by national regulatory bodies to London representatives
- IV. CCG commissioning functions delegated to a joint local authority / CCG structure, with associated legislative reform to enable joint decision making committees between CCGs and LAs.
- VI. Reform to enable joint decision-making committees between CCGs and boroughs:
 - a. Amendment of the Section 75 regulations to remove the “management” restriction for joint committees established under this framework.
 - b. Amendment of the NHS Act 2006 (as amended) to ensure that London has the same options available to it as elsewhere in England.
 - c. Exploration of options to expand the range of delegable CCG functions, beyond those that fall within the definition of “Commissioning functions” as a precursor to more formal devolution of functions.

Prevention

- I. Universally embed public health in all borough services in order to create healthy communities.
- II. Through fiscal devolution, maximising the local freedom to invest in preventative activity to make London the world’s healthiest City.
- III. Bring forward propositions to gain new powers and freedoms which enable London to:
 - a. Address problem gambling
 - b. Establish health as a licensing objective
 - c. Further reduce tobacco consumption, distribution and illicit circulation

- IV. Support people who have mental health problems to prevent long-term unemployment through service integration, building support for the national Fit for Work scheme to integrate with existing local services.

Strategy to December

8. In the context of the complex governance landscape, multiple opportunities have been identified to engage with political and operational leaders in order to shape and refine final asks. These opportunities are not suggested as an exclusive list and do not account for engagement planned by individual pilot areas. However, it is believed that the following opportunities will be valuable to meeting the obligation to provide a December submission:
- Executive – 13 September
 - Leaders' Committee – 11 October
 - London Health Commission: Two years on event – Winter 2016
 - London Councils' Summit – November
 - London Health and Wellbeing Board Chairs' Network – September and November
 - London Health Board – dates to be announced
 - Officer level workshops – multiple during September, October and November
 - Leaders' Health and Care Devolution Workshop – November
 - Leaders' Committee – 6 December (to report progress)
9. These opportunities for engagement with the developing devolution propositions will be critical, but they will not by themselves offer the mechanism for propositions to be explored comprehensively in detail or "agreed", nor will these opportunities allow for the detailed and ongoing political engagement likely to be required in the run up to December. For example, as pilot areas develop asks and discussions with London partners refine the detail, London's political leadership may wish to be able to offer political engagement which can respond flexibly and in an iterative way.
10. Furthermore, the strategy for reaching agreement on London's December asks will require an approach which recognises that decision making will be necessary for different asks at different spatial levels. For example, where asks are emerging which would not of themselves affect all of London if granted (i.e. they are permissive and discrete to local or sub-regional

footprints) then the appetite and support from a pan-London level would be beneficial but may not be essential to the case being made by the pilot area. However, where asks are emerging which would affect the whole of London if granted (i.e. where a pilot is making the case for devolution which would impact on all boroughs), then there would need to be clear and explicit agreement from all of London.

11. In order to recognise the complexity of this approach to decision making, the following is proposed to simplify the London-wide process of reaching agreement:

- Pan-London agreement will be essential where asks have binding pan-London implications if introduced (i.e. should Government grant the ask, all borough will be affected).
- Pan-London input to asks which do not have pan-London implications will be invited but comment not binding on individual pilot projects (i.e. all boroughs will have an opportunity to understand, discuss and shape asks, but will not make decisions which bind pilot projects).
- As appropriate, individual pilot projects will make final decisions in respect of asks which are not pan-London as described in 1).
- In respect of 1) to 3) above:
 - A further update report will be provided by the Executive member to Leaders' Committee on 6 December.
 - A Leaders' seminar be hosted in November to brief on the health and care devolution asks as they are emerging at that time.
 - Between September and December, the London Councils' Portfolio Holder Executive member comment on urgent matters and provide guidance and sign-off on behalf of Leaders' Committee.
 - Between September and December, the Executive Portfolio Holder and the London Council's Chair will be asked to comment on urgent matters and provide guidance and sign-off on emerging positions.

The London Health Board

12. The London Health Board held its first meeting under the Chairmanship of the new Mayor in June. The meeting affirmed the Mayor's commitment to Board priorities in respect of mental health and health and care devolution, the

Mayor also agreed plans to review and refresh the London Health Inequalities Strategy.

13. Following the London Health Board (LHB) meeting in June, the Mayor invited Board members to offer comment on how the LHB has worked thus far, its role over the coming year and longer term and how the Board could be strengthened. The Board is expected to consider these questions and how to take forward the responses during future discussions.

14. The Mayor has asked for a report back on devolution at the next meeting of the Board. The next meeting of the Board is due in the autumn, with the date still to be confirmed.

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.

Recommendation

Executive is invited to note and endorse the process for engagement with London Councils' Executive and Leaders' Committee between September and December 2016 as set out in paragraph 11 and to note that a report will be presented to Leaders' Committee in October.

Summary of the vision of each pilot area

Hackney – the vision is for an integrated, effective and financially sustainable service that meets the population's health and wellbeing needs. This vision includes an ambition for fully integrated health and social care teams, working with primary care and a fully integrated commissioning system, moving to capitation and an accountable care system. This vision is built on a long history of collaboration across the partners in Hackney, which has already delivered a number of successful outcomes. However, the pilot sees devolution as an enabler, meaning it can move faster on developing its clinical models and achieving its overall vision.

Lewisham – building on a long history of strong partnership working, the Lewisham pilot's vision is for a viable and sustainable single health and care system. Estates, workforce and commissioning are recognised as key enablers for this vision. The Lewisham pilot partners recognise that for a new model of integrated care to be successful, “financial incentives will need to be aligned to reinforce the change in behaviours and practices that they want to see, to deliver care differently”. The pilot has commenced work around “risk stratification and the initial financial modelling that will underpin the design of capitation ... to ensure that this is robust and flexible”.

Barking, Havering and Redbridge – aims to deliver a personalised health and care service, focusing on self-care, prevention and local services, and based around a locality model. This new integrated health and wellbeing service model will be based on the principles of place-based care and will be designed to promote wellbeing services that tackle the root causes of poor physical and mental health. The pilot's analysis of the scale of the challenges facing the area mean that its view is that changing the service model alone is not enough and that to “achieve the full potential we need to change our business model and organisational form”. Collaborative productivity and new transactional commissioning arrangements are noted as opportunities to enable the pilot to go further and faster.

North Central London – The vision for the NCL estates pilot is to provide a fit for purpose, cost-effective, integrated, accessible estate which enables the delivery of high quality health and social care services for local residents. The benefits anticipated through devolution include:

- Better local health economy planning including establishing estates requirements;
- Contribution to affordability of estates change across NCL.
- Greater certainty on treatment of capital receipts in project development.

- Greater incentives to dispose of surplus property for organisations which do not currently retain receipts.
- A whole system approach to estates development across NCL, with different partners, currently subject to different governance processes, working together on projects and developing a shared view of the required investment and development to support clinical change.
- Focused action on the development of the out of hospital estate, to deliver clinical strategies and better outcomes for patients.
- Greater efficiency and flexibility in the estate, reducing voids and improving utilisation and co-location, to deliver financial benefits.
- Increased capital receipts, achieved through the incentives of devolution.
- Release of land for housing, resulting from improved utilisation and disposals.

Haringey – the council, CCG and partners are determined to improve the health of local residents at pace and scale. The vision for prevention is fundamentally to ‘normalise good health’. The borough recognises that nothing less than a whole system approach is required in which we embed health objectives in all policies and shift every partner’s core business towards prevention. Recognising that where we live is a major determinant of our health, it is about using the council’s place-making role to shape the borough’s physical and commercial environment so that residents can make healthy choices more easily. It is about addressing the inter-relationship between inequality, poor health and unemployment by working with employers and joining up services to prevent people with health problems dropping out of employment

Executive

Developing the 2017-20 Police and Crime Plan

Item No 7

Report by: Doug Flight **Job title:** Head of Strategic Policy
Date: 13 September 2016
Contact Officer: Doug Flight
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Summary: The Mayor's Office for Policing and Crime is at the early stages of developing the statutory 2017-2020 Police and Crime Plan for London. This report outlines the process and sets out some of the opportunities for boroughs to influence this process.

Recommendations: The Executive is asked to:

1. Note the process and time table for developing the Police and Crime Plan.
 2. Consider the emerging opportunities to influence the next Police and Crime Plan.
-

Developing the 2017-20 Police and Crime Plan

Introduction

1. This reports sets out the process for developing the next Police and Crime Plan and details some of the opportunities that are available for boroughs to influence the outcome.

Background

2. The statutory Police and Crime Plan sets out what the Mayor wants to achieve in the area of policing and crime and explains to Londoners what they can expect from the Metropolitan Police Service (MPS) and the Mayor's Office for Policing and Crime (MOPAC).
3. The first Police and Crime Plan ran from 2013 to 2016. The second plan will cover the period up to 2020 and is due to be published in March 2017.

The emerging Police and Crime Plan – early indications

4. The Deputy Mayor for Policing and Crime, Sophie Linden, has begun early engagement with partners on a framework for the Plan, which will be followed by more formal consultation later in the year.
5. The Police and Crime Plan is expected to build on the Mayor's manifesto, which included commitments to:
 - *Ensure that the restoration of real neighbourhood policing is the top priority for the Met, maintaining the role of officers as a visible local presence, helping to prevent and detect crime, and as the local eyes and ears our security services need to identify the spread of extremism at its roots.*
 - *Seeking Criminal Justice System powers: further powers over youth justice, probation and courts, so that the Mayor has a joined up role across the justice system in cutting crime and reoffending.*
 - *Tackling violence against women and girls, including prioritising a greater police presence on public transport at key times to clamp down on sexual assault, zero tolerance of domestic and sexual violence and work closely with public sector and voluntary organisations on developing better support for victims of sexual and domestic violence.*

- *Work closely with local authorities, schools and youth services to develop anti-gang strategies, while working with community organisations to further youth engagement, building upon a review of the anti-gang Matrix system.*

Development and consultation on the second Police and Crime Plan

6. The time table for the development Police and Crime Plan is as follows:

July – October 2016:

Early engagement and Police and Crime Plan development

November 2016 – January 2017:

12 week consultation period on formal draft.

March 2017:

Police and Crime Plan published

7. London Councils is supporting borough engagement with the Deputy Mayor for Policing and Crime and MOPAC to help ensure boroughs have a voice in the development of the new Police and Crime Plan, followed by effective engagement over the Mayor's term of office. This includes:

- Regular bilaterals between Cllr. Lib Peck and the Deputy Mayor for Policing and Crime.
- A roundtable discussion with the Deputy Mayor for Policing and Crime at London Councils (2pm on 12 September) to which crime lead-members have been invited.
- A formal session for members of the London Crime Reduction Board (LCRB) to discuss the future operation of the partnership. The LCRB is chaired by the Mayor and is comprised of the Deputy Mayor for Policing and Crime, three borough leaders nominated by London Councils (at present: Cllr. Claire Kober, Cllr. Lib Peck and Cllr. Richard Cornelius), the MPS Deputy Commissioner and senior officials from Criminal Justice agencies.
- A potential slot for the Deputy Mayor for Policing and Crime to discuss the draft Police and Crime Plan at Leaders' Committee in October or December 2016.

8. Cllr. Lib Peck met the Deputy Mayor for Policing and Crime for a bilateral meeting on the 2nd September 2016. The key areas covered in this meeting were:

- I. **The Police and Crime Plan**, which is expected to be built around key themes, including:

- Neighbourhood and local policing.
- Keeping children and young people safe.
- Tackling violence against women and girls.
- Tackling violent extremism, terrorism and hate crime.
- Ensuring an effective Criminal Justice System.

Underpinning themes are expected to include:

- Partnership working.
- Social integration and tackling inequalities.

II. **MOPAC Crime Prevention Funding**

- Options for extending MOPAC's programme of funding for borough crime prevention projects were discussed in outline.
- The Deputy Mayor was positive about the case for continuing the programme beyond March 2017.
- Consideration was being given to revisiting the existing allocations to ensure that the programme would be able to take account of any significant changes in need, or demand, over recent years.

III. **MOPAC / London Councils Engagement**

- The Deputy Mayor reiterated her commitment to wide-spread and early engagement with boroughs on the development of the Police and Crime Plan.
- The draft programme outlined above (in paragraph 7) was agreed as a basis for engagement over coming months.
- The Deputy Mayor indicated that she is interested in aligning the future work of the London Crime Reduction Board around key areas of partnership work that would be built into the Police and Crime Plan (after appropriate consultation).
- The Deputy Mayor was keen to speak to Leaders' Committee about the Police and Crime Plan.

9. As noted above, the Police and Crime Plan is likely to include the objective of ensuring an effective Criminal Justice System. This may range from realising opportunities to influence the system within the boundaries of existing legislation, through to exploring opportunities for greater devolution. The Deputy Mayor indicated an interest in a

conversation with partners, including London Councils and boroughs, about the potential for greater devolution, including a potential London model for youth justice and options for oversight of community rehabilitation.

10. London Councils engagement with the process of developing the plan has been complemented by long term engagement with the Metropolitan Police Service, which included a series of meetings over the last year between the senior London Councils members and the MPS Management Board. This has, in turn, been supported by engagement that London Councils has facilitated between borough chief executives and senior MPS Officers. These discussions have encompassed consideration of MPS proposals around potential changes to the local policing model and bringing together services to focus on vulnerability.
11. In parallel with the development of the Police and Crime Plan, some consideration is being given to the potential of trialling elements of the operational plan which the MPS is developing to strengthen local policing, which is known as 'One Met Model 2020'. The mooted trials are expected to involve the testing of a model for emergency response teams that operate across borough boundaries. The proposals also include measures to align resources to meet savings targets and to align resources with priority areas. The model includes the decentralisation of a range of services to hubs which will operate closer to borough level. New approaches to protecting vulnerable people and protecting young people are also proposed.

Conclusion

12. Cllr. Lib Peck emphasised the following points during her meeting with the Deputy Mayor for Policing and Crime:

- The importance of clarity of the process of engagement around the Police and Crime Plan and the full involvement of boroughs.
- The importance of principles that had been developed as part of earlier discussions between the MPS and London Councils. These principles included consultation with boroughs around changes and the need for clarity about who from the MPS would contribute to the overall leadership of public services in a place. The importance of individual relationships was recognised alongside councils' need for confidence about the senior MPS figures that they would relate to on a regular basis at a borough level.

- The importance of clarity of process in relation to any voluntary trialling of elements of the 'One Met Model 2020'.
- The importance of early consultation with boroughs in relation to any changes to MOPAC's programme of funding for borough crime prevention projects.

13. It may be appropriate to provide a report to Leaders' Committee in October or December 2016, covering the development of the Police and Crime Plan and the future of MOPAC's borough funding.

Recommendations

14. The Executive is asked to:

1. Note the process and time table for developing the Police and Crime Plan.
2. Consider the emerging opportunities to influence the next Police and Crime Plan.

Financial implications for London Councils:

None

Legal implications for London Councils:

None

Equalities implications for London Councils:

Consideration of equality and social inclusion are expected to be included in the process of developing the Plan, which will encompass a focus on victims and vulnerability.

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

Attachments:

None



Executive

London Councils Challenge

Item no: 8

Report by: John O'Brien Job title: Chief Executive

Date: 13th September 2016

Contact Officer: John O'Brien

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Summary This report highlights the key themes identified as part of the London Councils Challenge exercise and invites the Executive to reflect on these and ways of taking them forward.

Recommendations The Executive is asked to:

- (i) note the London Councils Challenge report and is invited to provide some early, initial reflection on a number of the themes highlighted by the Challenge Team and set out in this report
- (ii) indicate that it wishes to broaden the discussion with London local government partners in the ways set out in this paper and note the associated timescales

London Councils Challenge

Introduction

1. Earlier this year London Councils commissioned a Challenge process aimed at ensuring that the organisation continues to meet the evolving needs of its member authorities over the next five years. A Challenge Team, led by Sir Derek Myers, conducted the Challenge process. Sir Derek shared the emerging conclusions from the work with the members of the London Councils Executive in June and with the members of the London Councils Leaders' Committee in July. The final report of the Challenge Team is attached.
2. This paper sets out a number of themes flowing from the Challenge process that need to be reflected on and taken forward. The Challenge was explicitly designed to be an aid to the organisation's own thinking about its future contribution to London local government. This paper seeks to set an initial agenda for reflection, discussion and debate by the Executive and more widely with key London local government partners.
3. The questions in the paper and invitations to provide further guidance are not all intended as ones that can, or will, be responded to in a standard meeting of the Executive or Leaders' Committee. The paper is trying to provide some broad, non-prescriptive parameters for the discussions that members and officers will want to have – at London Councils, in sub-regional groupings, party groups and among officer groupings. The Executive may wish to consider the potential of a special, awayday type session later in the Autumn to reflect on the product of that wider debate and discussion and to begin to identify specific next steps and actions which need to be progressed.

Further thoughts on a broad process for moving forward are set out later on in this report.

Key Themes

4. A number of broad themes can be discerned as flowing from the Challenge report. These are set out below, along with some commentary on issues around taking these forward. The questions set out for the Executive are, as indicated previously,

seeking to provide some shape to the debate and discussions that will take place. It is not assumed that the Executive will seek to respond definitively to all of these in a standard meeting. In addition, there may well be other, wider themes – triggered by various parts of the Challenge Team report – that Executive members wish themselves to add to this consideration.

Overall Future Positioning

5. This theme is, at the same time, both the natural place to start and also, in some ways, the most difficult. A debate about the overall nature of future positioning cannot be in isolation of thinking about more specific and tangible issues that the report covers. It would, however, not be sensible to attend to a list of specific propositions without some prior order consideration or a core organising principle for the future.
6. This means that there is likely to be an on-going iteration between an approach to future positioning and focus on other, more immediate themes.
7. A clear starting point is that the Challenge Team said that London Councils needs to exist, is credible and functions as an effective cross party body. The Challenge Team urged London Councils to 'go again' and be pro-active and confident in its dealing with the Mayor and Government.

Within that context, the Challenge Team posited four outline approaches to the future:

- reduce;
 - consolidate;
 - adapt;
 - be radically different.
8. In reality, and reflecting the commentary at the beginning of this section of this paper, the four possible points of future positioning are not all mutually exclusive. There is a rich set of observations and ideas about potential future ways of working that is contained under each of the possible future approaches. Many of these will, individually, be worthy of discussion and reflection independent of the particular future approach that the Challenge Team has placed them under.

9. In addition, even within the framework of the broad approaches, there may well be interest in seeing a direction of travel over time from one approach to others. The essential point is that the possible approaches are a useful guide, but should not limit the way that the organisation seeks to use the product of the Challenge process over time.
10. In order, however, to provide some parameters for the discussion that needs to develop it would be useful to establish some very broad, initial view of these different approaches to future positioning as set out by the Challenge Team and the degree to which any of these might be seen as a broad organising principle for future development.
11. The last of the approaches the Challenge Team has set out – ‘radically different’ – is not, of course, entirely a matter for London Councils and its constituent members to determine for themselves. Changes in the design, delivery and oversight of public services in London would be part of a much broader package of change impacting on a range of other organisations. The Challenge Team would appear to want to encourage London Councils to be ready to help facilitate such change and be prepared to help secure some of the potential benefits that could flow from it. It may well be that members would want to see London Councils seek to develop some of the capabilities and characteristics associated with what the Challenge Team has described as a ‘radically different’ approach whilst recognising that, at this point, it is less likely to be a single organising principle for the future evolution of the organisation.
12. The Challenge Team reports the scale of financial reductions achieved by London Councils in recent years. Members will clearly want London Councils to continue to bear down on its cost base and achieve on-going efficiencies as part of its work. The Challenge Team, however, does not suggest that the approach of ‘reduce’ should be seen as an organising principle for future strategic direction in its own right.
13. Adaptation to the evolving nature of the public service landscape in London appears to be where the Challenge Team’s analysis suggests that, initially, London Councils could productively place itself. As indicated previously, this would not be to stifle an ambition to develop some of the capabilities and characteristics that the Challenge Team has identified as part of a radically different future, should this be a direction members wish to travel in.

Does the Executive agree with this analysis in respect of an initial view of future positioning?

Governance and Cross Party Operation

14. The Challenge Team affirmed the importance of London Councils' cross party nature. This carries with it implications for the way that all political party groups, members and officers need to operate. A series of conventions – to varying degrees of explicit formality – underpin the way that the organisation seeks to reflect its cross party nature. These are important to the credibility and, therefore, the effectiveness of the organisation if it genuinely seeks to influence others on a collective cross party basis. Ideally, the activity of London Councils overall and that of individual party groups should reinforce and add value to each other in respect of advancing London local government.
15. Within that context, the Challenge Team raised the question of whether London Councils' underpinning accountability and legitimacy mechanisms can respond to the need to be more ambitious, but in a consensual way? The Challenge Team felt there was scope that allowed more positions to be advanced on the basis of a 'coalition of the willing'. Whilst individual councils could not be committed to specific courses of action themselves by such a shift, the Challenge Team posed the questions about to what degree it would be possible to develop some clearer advocacy positions even when a small minority of councils may not concur with those?
16. Ultimately, London Councils is a joint committee. The joint committee's specific powers are relatively constrained – particularly in respect of committing individual councils to specific courses of action themselves, except for certain, designated areas – but clearly a majority of members can agree collective positions on advocacy, lobbying, influence and sanctioning certain activity. The credibility of those positions, however, if agreed only by a simple majority – will be questionable. That is why, typically, a much broader – and in almost all cases cross party – consensus is sought when establishing such positioning. Maintaining that broad approach would appear to be vital and consistent with the Challenge Team's analysis.
17. It does, however, leave the issue of trying to ensure that broad ambition and consensus is not frustrated by a search for precise unanimity which will only be likely

to lead to blandness and a diminution of influence over others as the Challenge Team's analysis suggests.

18. Were this to be progressed, it would be necessary to develop further conventions that governed the type of issue that a 'coalition of the willing' approach could apply to. Clearly, it could not apply in cases where it might adversely impact on the interests of those individual boroughs that were not part of such a coalition, or on the credibility of London Councils as a whole. This type of approach also points to the need for effective channels of communication with all boroughs on key issues in order to ensure that such differences that did exist in positions could be understood and shared as fully as was possible.

The Executive is asked to reflect on the cross-party nature of London Councils, the relationship between being able to act quickly and effectively in terms of securing influence and protecting the interests of all member councils, as well as on the range of obligations it places on the organisation, party groups and London local government more broadly.

19. In addition to that issue, the Challenge Team also commented on the emerging importance of sub-regional structures in the operation of London local government. Whilst the footprint of these structures is not identical for all relevant service or policy issues, it does seem that the following groupings are an increasingly important part of the overall landscape:

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

20. The Challenge Team reports on the mutually re-inforcing nature of relationships between London Councils' work overall and each of these groupings. Increasingly, at officer level, structures and mechanisms for pursuing individual policy themes reflect the existence and role of these groupings. The Challenge Team reports, however, the fact that governance structures at member level at London Councils do not explicitly take account of these groupings.

21. The Challenge Team's analysis does not appear to be pointing towards a federal structure – where the governance of the organisation is an aggregate sub-regional grouping of boroughs. There is still a clear desire for Leaders' Committee to be the forum where the interests of individual London boroughs are represented, as well as where those interests are brought together for the benefit of London and London local government more broadly. There is still a clear will to see an Executive with lead roles for members representing London local government as a *whole*. There is scope, however, to consider broadening the governance structures of London Councils to include explicitly representation from each of the main geographical sub-regions. The objective of this would be to:

- ensure, in particular, that positions and activity were fully informed by an understanding of the political views and activity of each sub-region
- offer, in particular, input and perspective that reflected the specific issues facing that grouping of councils
- ensure, in particular, a political feedback loop from London Councils governance structures to sub-regions.

22. Potentially, such a development could aid the degree to which communications channels can be broadened with a wider group of members. That would be particularly significant in helping the process by which there is more effective collective consideration of some difficult and contentious issues that London local government is likely to face and which the Challenge Team commented on.

23. Should this course be pursued, members will wish to give some detailed consideration as to how this should be best achieved. Potentially, this could be one element in a wider reflection on the composition and role of the Executive. Amongst the sort of considerations that this would provoke would be:

- ensuring governance structures were manageable in terms of guiding the activity of the organisation
- the importance attached to party political proportionality overall in terms of the make-up of the Executive

- the importance of maintaining connection to other parts of London local government that, traditionally, London Councils has seen advantage in reflecting in governance structures, regardless of precise party proportionality – e.g. City of London Corporation and Liberal Democrat Party
- the future identity and composition of Executive roles and portfolios – picking up one of the ideas canvassed by the Challenge Team about London Councils' work being more explicitly based around key London wide themes. The Challenge Team considered a possible scenario whereby two Executive members were charged with focusing on each theme area. This, to some extent, has been the practice in respect of recent work on the Housing portfolio. This type of approach would, of course, open up a separate discussion about how best robust, cross party scrutiny and accountability is secured in each portfolio area. The opportunity to utilise a cluster of Executive or senior members to achieve this via the sort of idea canvassed by the Challenge Team would, of course, require a debate about the existing system of shadow spokespeople for different portfolios. It is not clear how both could work together.

The Executive is asked to provide a steer on the future composition of the London Councils governance structures taking account of the range of issues and questions set out above. The Executive is also asked to reflect on the future identity and composition of portfolio roles and on how, most effectively, cross party working and accountability can be secured.

Making the most of London local government as a whole

24. The Challenge Team placed some stress upon the importance of both:

- utilising the contribution of London borough chief executives and other senior officers alongside London Councils officers and members
- making such a contribution – and the basis of it – clearer, better understood and more transparent.

25. A good deal of officer work has been progressing in this space already. There is, however, further to go in codifying how this should work on a consistent and structured basis.

26. The Chief Executive of London Councils has been working with the Chief Executives London Committee (CELC) for some time on harnessing the contribution of London chief executives on a range of policy and service issues. The basis of this collaboration has been discussed and broad principles agreed. The Challenge Team's recommended version of this places rather clearer emphasis on the Chief Executive of London Councils acting in a 'pivot' role between members in their collective role and borough chief executives. This conclusion will be subject to some further discussion and testing.

This type of approach could, for example, include:

- lead chief executives being asked by the Chief Executive of London Councils to work both with relevant London Councils officers and portfolio holders in specific policy areas. This would build upon emerging practice in recent years, but would be more structured, consistent and explicitly recognised. This would include being invited, when relevant, to be present at Executive and Leaders' Committee meetings
- some regular, scheduled joint sessions for the London Councils Executive and those chief executives that London Councils had asked to advise on a range of key issues to have some collective consideration of the broader agenda facing London, London public services and London local government. These interactions would still be within established frameworks of accountability for advice to members and re-affirmed by the Challenge Team.

27. Much of this would be about making this approach more explicitly shared between members in their London Councils roles and chief executives in their lead policy or service roles, as commissioned by London Councils.

The Executive is asked to endorse the further work on establishing a robust basis for the contribution to London Councils' work – at a collective level – from the wider officer resource of London local government and indicate that it will be happy for

leading Executive members to meet with the Chief Executive and representatives of CELC to map out the basis on which this should operate going forward.

Self Improvement

28. The Challenge offered some observations on London's performance improvement agenda and the interplay of LGA and topslice funding, London Councils, boroughs, professional groupings and chief executives/senior officer groupings.

The London Self-Improvement Board has pursued a number of related themes from this work in recent years and agreed a way of working with the LGA on this agenda.

The Chair of London Councils has maintained some oversight of this as part of their portfolio responsibilities. More generally, however, the work on self-improvement has largely been led at chief executive/senior officer level via the Self Improvement Board.

The Executive is asked to reflect on whether it wishes to exercise some more political oversight of the self-improvement agenda. This could be achieved in a number of ways, including:

- ***asking the Self Improvement Board to report to Executive and/or Leaders' Committee on, say, an annual basis;***
- ***building in regular briefing between the Chair of the Self Improvement Board/ the Chief Executive of London Councils and the Chair of London Councils/ Group Leaders.***

Improving the transparency of London Councils work priorities

29. The Challenge Team made a number of observations relevant to this theme, including:

- making the description of London Councils' core functions clearer and more resonant

- linking priorities, business planning and programmes more explicitly and in a way that people can see and readily understand
- communicating London Councils' work and the key issues it gives rise to for councils and groups of councils more effectively.

30. To some degree this theme relates to the first one about overall future positioning for the organisation. Under the potential future that the Challenge Team labelled as 'adapt', there is reference in the report to focusing on London wide challenges, being theme led, acting as a broker and convenor of London interests and promoting the sharing of capacity.

31. Some of these issues, including the identification of the sort of political and organisational themes that would, if this were to be progressed, be most relevant might usefully form part of the agenda for a subsequent, broader 'awayday' type session as canvassed earlier in this paper.

32. Beyond that, however, in thinking about how the nature of the contribution that London Councils makes should be defined, the Challenge Team commented on the fact that this needed clearer articulation.

33. In discussion with the Challenge Team, an emerging version of this was discussed which sought to reflect on a number of the points emerging from the Challenge Team and which are reflected in its report. This reflected on a chain of potential London Councils contributions that ranged as follows:

1. *Voice for boroughs*

34. This is very much the lobbying and advocacy role on behalf of London local government and individual boroughs. This is in respect of influencing Government, the Mayor and GLA, London public services and wider stakeholders – including business. This role extends to promoting the reputation of London boroughs through our interactions with the media. This role is a core one for a membership body and reflects many of the comments of the Challenge Team about London Councils as advancing and protecting the agreed interests of the boroughs. It does, however, have a close connection to the other roles and, in particular, the 'Broker' role set out

below. Often, protecting and advising borough interests is achieved via the capacity to broker the set of frameworks that boroughs need in order to secure better outcomes for their citizens.

2. *Enabler of co-ordination and co-operation*

35. This is very much the role in supporting the sharing of capacity between boroughs. It is manifest in supporting professional networks and helping shape the outcome of their collective work on behalf of London local government as a whole. This role picks up on a number of the Challenge Team's comments about enabling the sharing of capacity and practice.

3. *Hub*

36. This is about London Councils as a hub for shared analysis, expertise and activity. This is where London Councils adds value to joint work by collecting and analysing data and helping create some frameworks for joint activity. This activity provides outputs for boroughs and groups of boroughs which is of significant value, particularly in the context of their own capacity being 'hollowed out' by resource constraints. Local Government Finance analysis is an example of this.

4. *Broker*

37. The Challenge Team report makes several references to this actual and potential role for London Councils as a broker on behalf of London local government.

38. This activity to date has been where London Councils has sought to broker change in the way that public services are secured and financed between boroughs and other public bodies – regionally, sub-regionally and locally. This, in effect, helps create frameworks that sub-regions and individual boroughs might benefit from in terms of devolution and reform. Good examples here include work around Health, Employment Support and Skills. Some of the work that has been going on in respect of Housing Supply also fits into this category. As indicated earlier, this role is often a natural extension of the role as a voice and advocate for the interests of the boroughs.

39. The work to develop the London CIV was a further example of this. As with the CIV, sometimes this will lead to the establishment of some fresh vehicles for delivery. These do not need to be delivered by London Councils specifically – although in some cases they have grown out of the organisation.

5. *Provider of services to London and Londoners on behalf of boroughs*

40. This is where there is an explicit agreement between the boroughs that they wish London Councils to deliver a service on their collective behalf. These might be relatively limited in terms of overall number, but Transport and Mobility Services, including Freedom Pass and Taxicard, fit into this category. The Executive has, previously, agreed a set of criteria for where direct services should be considered on behalf of the boroughs.

41. Clearly, it is not possible within a limited resource base to progress all of the opportunities that, potentially, could emerge under each of the five roles set out above. Part of the further work with the Executive around work priorities might be on developing clearer criteria for qualifying different types of opportunity in order to help more effectively choose what to pursue.

The Executive is asked to consider whether these definitions of the potential contribution of London Councils can usefully be seen as the basis for further work on a clearer articulation of roles and value and to support this in business planning and communications activity.

Organisational Implications

42. Clearly, flowing from the work on each of these themes, London Councils will need to give attention to supporting future direction of working in the way that the organisation is structured and operates. This should flow from the function that emerges from the work and discussion set out above.

Broadening the Discussion and Timescales

43. This paper already details a number of ways in which discussions within London local government will need to move forward to advance some of the specific themes flowing from the London Councils Challenge.

44. It is proposed that the report of the Challenge Team be shared with all key London stakeholders that participated in the process. More specifically, the Executive may wish to invite London local government partners – party groups, sub-regional groupings, chief executives and professional groupings – to reflect on the sort of issues and questions that this paper highlights. The product of that further reflection and debate could be brought back together later in the Autumn – potentially in a special ‘awayday’ type session – which would be an opportunity for clarifying agreed next steps and action for implementation.

A broad timescale could look something like:

- **Mid September** - Challenge Team report, commentary and questions sent to London local government partners. Responses required by end of October. Challenge Team report sent to London stakeholders.
- **October** - Discussion in sub-regional groupings, party groups and at Leaders’ Committee on 11th October.
- **Late October** – Leading Executive members meet with CELC representatives.
- **November** – Awayday discussion to reflect on feedback.
- **December and onward** – Implementation propositions framed and executed.

Conclusion

45. The Executive is asked to provide some initial, early reflection on a range of issues set out in this paper dealing with:

- overall approaches to future positioning
- the cross party nature of London Councils and issues associated with that
- the make up of London Councils governance structures, including potential representation from sub-regional groupings, the nature of portfolios and mechanisms for securing effective scrutiny and accountability on a cross party basis

- working with London local government's broader resource, including chief executives
- political oversight of the self improvement agenda
- articulating the nature of London Councils' contribution, key roles and themes in business planning and communications activity
- any other issues that individual Executive members wish to raise themselves as prompted by the work of the Challenge Team.

46. The Executive is asked to indicate whether it wishes to pursue the sort of approach to broadening the discussion with London local government partners as set out in this paper along with the associated timescales as set out.

Financial implications for London Councils

There are no direct financial implications flowing from this report. Any propositions for change flowing from the Challenge and further consideration of it will require a clear statement of financial implications.

Legal implications for London Councils

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

Equalities implications for London Councils

There are no direct equalities implications for London Councils as a result of this paper. An impact assessment of the equalities implications of any propositions for change flowing from the Challenge will need to be undertaken.

Attachments

London Councils Challenge Report.

London Councils Challenge

More than the Sum

Sir Derek Myers
July 2016

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Introduction

In March 2016 Jules Pipe as Chair and John O'Brien as Chief Executive of London Councils asked me to lead a team to 'conduct a Challenge process aimed at ensuring that the organisation continues to meet the evolving needs of its member authorities over the next five years.' The core objectives of the Challenge are set out in Appendix A for information.

Fundamental to the process has been the frank and open insight by those who know London Councils and London and want to see both thrive. On behalf of the team I would like to thank the more than 60 people who have given up their time to speak to us or have contributed written submissions. These have ranged from serving council leaders, chief executives and senior officers, government officials, representatives of the Mayor of London and the Greater London Authority to health and police service officials as well as academics and business representatives. The list of people we interviewed is contained in Appendix B. We have also reviewed documentation relating to London Councils over the last five years since the last similar review of the organisation in 2011.

We have not adopted a particular methodology but attempted to understand and articulate:

- How the organisation has evolved since the last review?
- What have been the strengths of that and the limitations?
- How much it spends in 2016/17 compared to 2010/11?
- What are the key issues facing London and London Councils in the next five years?
- Key stakeholders' views about what London Councils should focus on in the light of those key issues and changes?
- Some options to consider about the future size, shape and role of London Councils.

I would like to take this opportunity to thank the Challenge Team that has worked with me on this review: Councillor Richard Cornelius (Leader London Borough of Barnet), Councillor Darren Rodwell (Leader London Borough of Barking and Dagenham), Sean Harris (Chief Executive London Borough of Lambeth), Gillian Norton (Chief Executive London Borough of Richmond upon Thames), Liz Meek and Ian Hickman both of whom have a wide experience of local government in London and central government. I would also like to thank Barbara Salmon and June Morse for their invaluable support and ensuring we all got to interviews on time.



Sir Derek Myers

Executive Summary

London is a vibrant global city of 8.7 million people and growing. Whilst London is different from rest of the England London Councils needs to work with the leadership of other large metropolitan cities on the key issues of public service reform and devolution from Whitehall. Governance arrangements are also different from other UK metropolitan areas and this creates issues but a new Mayor ought to present opportunities for greater collaboration to resolve issues that matter to Londoners and London.

London Councils as an organisation has made good progress since the last similar review five years ago. People we interviewed outlined numerous recent achievements by London Councils on housing, health and social care, funding for additional school places and the financial settlements with government especially in relation to business rate retention.

However we think London Councils needs to 'Go Again' now and be more proactive and confident in its dealings with the Mayor of London and central government. There is strength in London boroughs acting collectively. We think it is what Londoners expect and therefore the brand matters. London Councils needs to be ambitious but it needs to find a consensual way to do this within existing resources. The organisation can strengthen itself by being clearer and more transparent about its priorities as well as by being clearer on relationships with the sub regions and between the work of the Leaders on the Executive and the chief executives and key senior officers across the capital.

London Councils should be at the forefront of showing how a more devolved but joined up London Government can work. It needs great thinking and brokering capacity to do this effectively.

"London is the biggest of England's major cities and can lead the way in reinventing England as a fairer, more decentralised nation. London boroughs need to be at the forefront of this revolution."

Chris Murray Core Cities Group

Section 1

London Councils in Context

London is a great global capital city. It is the economic driver of the whole of the United Kingdom and a place many want to live and work in from around the country and the rest of the world. The population is expected to expand to around 11 million by 2050 representing approximately a 26% increase. However the new relationship with the EU may change this forecast. In all scenarios major challenges lie ahead.

Spending on public services is much greater than elsewhere in the country with, for example, London boroughs spending around £25 billion per annum and London NHS spending around £23 billion a year. London has 73 MPs and the All Party Parliamentary Group is supported by London Councils.

The structure of governance in London is different and deliberately so given its history. It is just over 50 years since the 32 boroughs and the Corporation of London assumed their powers and responsibilities. Over those 50 years the London County Council, the Greater London Council and the Government Office for London have come and gone. Since 2000 a directly elected Mayor and Greater London Authority (GLA) has worked with the boroughs and the Corporation of London to provide leadership and secure critical public services for the capital city. This structure of a directly elected Mayor and the GLA and 33 local boroughs is different to any other arrangements in the country being explored and implemented by the Government under its devolution and public service reform agenda. The GLA is a strategic regional authority, with powers over transport, policing, economic development, and fire and emergency planning. It is unique in terms of structure and powers.

London Councils represents London's 32 boroughs and the Corporation of London. It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion. London Councils makes the case to government, the directly elected Mayor and others to seek to get the best deal for Londoners and its member boroughs.

It runs a number of direct services for member boroughs including the Freedom Pass, Taxicard and Health Emergency Badge. It also runs, on behalf of all boroughs, an independent parking appeals service and a pan-London grants programme for voluntary organisations. London Councils also played a key role in sponsoring the establishment of the London Pensions collective investment vehicle.

The organisation seeks to act as a catalyst for effective sharing among boroughs in relation to ideas, good practice, people, resources, or policies and new approaches. The strategic direction of London Councils is set by the Leaders' Committee, which comprises the Leaders and directly elected Mayors of all of London's boroughs and the City of London Corporation. There is also a cross-party Executive, which guides the day-to-day work.

London Councils helps provide a number of supporting structures to London local government more generally. It acts as a secretariat in support of a number of the key professional networks across London, either administratively, in policy terms, or both. This includes Chief Executives London Committee (CELC) and London Housing Directors. It also works closely with the Society of London Treasurers, Adult Care Directors, Children's Directors, Environment Directors, Planning Officers, Communication Heads, Re-generation Leads and others.

The organisation has acted as the home and secretariat to the London Safeguarding Children Board. For a period it recruited and hosted some Children's Safeguarding Advisers to work across boroughs.

It has also played a role in supporting the London resilience efforts on behalf of London local government via the London Fire Brigade, particularly around political liaison and communications support. In 2008/09 London Councils took on responsibility for the regional Young People Education and Skills function and works closely to support the boroughs and the London Enterprise Panel in this area.

It is also the regional employer body supporting both the Greater London Employment Forum and the Greater London Provincial Council.

London Councils is the focal point for the London Self Improvement Board work to provide both support and challenge within London boroughs as a spur to on-going improvements in performance.

Much of this work is unglamorous and unrecognised but is a necessary component of how a complex system is coordinated and able to think ahead.

The body that is London Councils comprises three components:

- Joint Committee
- Grants Committee and
- Transport and Environment Committee

Each Committee has its own Executive and there are portfolio leads. The Chief Executive provides advice to the Leaders' Committee. The Joint Committee does not automatically have the "general power of competence" that each Borough has in law, but can utilise that power if it is explicitly agreed to by all 33 members of the joint committee.

It is a strongly member led organisation that seeks to be cross party with a focus in three areas following the 2010/11 review:

- Lobbying ('broker of public policy formulation');
- Provider of services and grants administration;
- Catalyst for sharing and collaboration between boroughs (we found this expression of London Councils is less recognised by interviewees and needs redefining).

The election of a new Mayor in May 2008 acted as a stimulus for a fresh look at collaborative arrangements with City Hall. A Congress of Leaders and the Mayor was established in the spring of 2009. A Congress Executive meeting between the Mayor and the London Councils Executive is held at periodic intervals. Typically, it has overseen joint, collaborative work on a range of lobbying and advocacy activities as well as on the London Growth Deal and the Devolution and Public Service Reform Proposition for London to government.

It had also had oversight of a range of other pieces of joint machinery that have come into being during this period, including:

- the London Waste and Recycling Board;
- the Homes for London Board;
- the London Health Board;
- the London Enterprise Partnership;
- the London Crime Reduction Board.

All of these are elements of shared governance where the Mayor or his representatives, work with borough representatives nominated on a cross-party basis by London Councils. Officials for the two organisations work to support these arrangements.

London Councils has been described as a 'convener' of local government opinion but is not mandated to act necessarily in that role due to the existence of the Mayor and the GLA as well as because of the set up of London Councils itself. Because of the strong cross party culture seeking consensus there is a risk of things being agreed that the lowest common denominator. We understand why that is the case but wonder whether a 'coalition of the willing' approach could be taken which might aid the level of ambition that can be shown on individual issues? If it were adopted would it be acceptable if a few boroughs were 'outside' individual agreements or would this fundamentally change the nature of the current organisation and the improvements brought in since 2010/11?

There have been moves in recent years to see a stronger alignment of boroughs sub-regionally for different types of activity. Not all of the groupings of authorities operate at the same footprint for different service areas. For example, the geography of sub-regions for economic development tends not to be the same as, for example, health. In addition not all boroughs are as strongly part of formal sub-regional groupings as others.

Many boroughs have formalised these arrangements at sub-regional level and see themselves working more in this way in the future. There has been a strong mutual relationship between such groupings and London Councils. The organisation has been an important focal point for creating overall frameworks and negotiating opportunities which groupings of boroughs, as well individual boroughs, are able to benefit from in terms of further devolution and reform. Officers at London Councils look to work with those representing sub-regional partnerships. To date there has been no explicit recognition of the sub-regions in the political structures at London Councils.

What does London Councils spend and how many staff does it have?

In 2016/17 the Joint Committee work is estimated to cost £8m comprising policy development and lobbying as well as corporate support and central office costs. Spending by the Grants Committee is £10m but 95% is direct grant payments to voluntary bodies. The vast majority of spending (£380m) relates to the Transport and Environment Committee. This has a different statutory basis and the bulk of this amount is collected from the boroughs and then paid to Transport for London for concessionary fare reimbursement i.e. it is an in and an out payment. In 2016/17 overall spending by London Councils is therefore projected to be approximately £398m.

A review of the grants programme was recently undertaken considering the period April 2017 to March 2021. It proposed continued focus on three priorities:

- Priority 1 - combatting homelessness (£2.8 million in 2016/17);
- Priority 2 - tackling sexual and domestic violence (£3.4 million in 2016/17);
- Priority 3 - tackling poverty through employment (£1.9 million in 2016/17 - £1m European Social Fund match funded).

In addition London Council officers are to develop a proposal to work with the City Bridge Trust on the implementation of the review into infrastructure support in London for the third sector (being undertaken by London Funders) and to be reported to the Grants Committee in July 2016. For 2016/17 approximately £1.3 million is spent on this area. (This report was written prior to this outcome).

The consultation responses received indicate overwhelming support (94%) for the approach proposed with only one borough saying it did not agree and one borough failing to respond.

The Panel feels that the broad level of Grants and priority areas for spending has been well debated and although some Leaders continue to have reservations, there is a strong case for treating this issue as settled for the next three years.

At present there are just under 130 full time equivalent staff working for London Councils. Of these approximately 69 are employed on Joint Committee related activity. 6 oversee the grants programme with 38 working on Transport and Environment Committee related activity. 13 work on externally funded projects such as LEPT and LEDNET.

Total direct employee related costs are £6.9m. This is split approximately £4m for the Joint Committee staff, £0.3m grants, £2m Transport and Environment Committee and £0.6m on external projects. The Joint Committee spending includes member allowances for 30 positions totaling £173,000 but not all those entitled to it take the allowance.

Seven senior officers are paid over £100,000 (three for the first time in 2016/17 as a result of the national pay award). The Joint Committee average salary cost is £57,540.

The Southwark Street office rental costs £935,000 per annum (£16.29 per square foot) including business and water rates plus £203,000 annual depreciation relating to the last refurbishment. The current lease expires in 2021. A thorough market analysis and premises strategy review was carried out in 2010/11.

Other costs relate to £428,000 paid to the Corporation of London for support services agreements. The information technology service was market tested 2014, and the human resources service market tested in 2008. Financial services and legal services have not been market tested but are extensions on no cost or low cost historic arrangements. £500,000 is for commissioned consultancy budget from a wide range of organisations. Office running costs including meetings costs is £578,000 with the largest element being on publicity including website development and events.

The core Joint Committee spending has reduced by 59% from £21.6 million in 2010/11 to 8.9m in 2016/17 and staffing in that area has reduced by 40% over the same period. Some of this has been as a result of closing of the former Capital Ambition directorate. Grants Committee spending has reduced by 65% and the staff administering them reduced by 74% over the same period. In cumulative terms £126m less has been spent than it would have been without the reductions with approximately £90m coming out of grants. In addition in this period £7.9m of London Councils reserves was 'repatriated' to London boroughs.

Overall spending by London Councils has increased by 13% since 2010/11 but this is solely related to non staff Transport and Environment Committee expenditure increasing by 25% due to increased volumes of concessionary fares transactions and inflationary pressures which London Councils has no direct control over. 32% fewer staff administers Transport and Environment Committee services than there were in 2010/11. The table in Appendix C sets out the key figures comparing 2010/11 to 2016/17.

By means of comparison the 2014 NAO Financial Sustainability report stated 'The Government will have reduced its funding to local authorities by 28% in real terms between 2010/11 and 2014/15. Further planned cuts will bring the total reduction to 37% by 2015/16, excluding the Better Care Fund and the public health grant'. It should also be noted that over the same period Consumer Price Index inflation was approximately 10%.

Joint Committee average borough core subscriptions have reduced from £257,963 in 2010/11 to £161,958 in 2016/7 (a 37% reduction).

The boroughs average contribution to the grants programme has reduced from £754,545 to £258,788 (approximately a 65% reduction) with the average grants administration costs to boroughs reducing from £43,333 to £13,939 (68% reduction).

Transport and Environment Committee parking core subs have reduced from £2,000 to £1,500 over the same period. Other efficiencies have been achieved

such as the Freedom Pass administration that used to cost £14,231 per borough and is now at no cost. Similarly lorry control administration was £14,524 on average and is now at no cost.

In comparison the Local Government Association subscription rates for London boroughs have fallen by 28% from £51,919 in 2010/11 to £37,325 in 2016/17. The Local Government Association do however also receive £20m direct grant from government for sector led improvement activity.

The sub regional groups subscriptions are more complex. Local London charges a flat rate £50,000 and South London Partnership charge £30,000. Central London Forward charges a £25,000 core subscription but with annual supplements (£25,000 in 2014/15 and £19,000 in 2015/16). West London Alliance charges £35,000 plus up to £90,000 per policy area.

The Team believes it is reasonable to conclude:

- London Councils has reduced its controllable expenditure by much more than local government has reduced in the austerity years.
- Subscription rates levied have fallen more than similar rates levied by the Local Government Association.
- In the same period, most councils have found money to spend on membership of sub-regional partnerships.

The Challenge Team has heard from some borough Leaders that they still wish London Councils to become less expensive. For a few, this aspect seems to be an important first principle. Our commentary in Section 4 therefore discusses a smaller London Councils alongside other options based on broadly the same size organisation moving forward.

Section 2

Key Issues Facing London and London Councils

We conducted the vast majority of our interviews and work in the period before 23 June 2016. A majority of voting Londoners do not agree with voters in other parts of the country about the United Kingdom's role in the European Union with 2.3 million supporting 'Remain' but 1.5 million supporting 'Leave'. A majority of voting residents in five boroughs voted to leave the European Union, (Hillingdon, Sutton, Bexley, Barking and Dagenham and Havering).

Clearly the referendum vote resulting in a Government proposition to leave the European Union will have a fundamental impact on London and London boroughs. We have not factored that into our work or conclusions, because expert opinion is diverse and there are many uncertainties. We think that London will continue to be a major world city and suggest that our possible options for London Councils are still relevant. We also think that London's success will continue to depend on being internationalist, outgoing, welcoming and cohesive.

Owing to London's economic as well as political and cultural capacity it is set apart from other cities. Only New York, Hong Kong, Tokyo and Singapore come close to it as vibrant global cities. London is regularly in the top three most visited tourist destinations which is in itself a key driver of global city formation. Increasingly the capital city needs to be seen as part of a world city network and a European network with Frankfurt, Paris and Amsterdam. Its central position within infrastructure networks such as air traffic, IT hardware and telecoms infrastructure increase its attractiveness to transnational corporate bodies. It also means increasingly that London faces continued pressures in relation to migration, diversity and income inequality with a knock on impact on public services.

London's multi national firms require increasing levels of support services in finance, management consultancy, advertising and logistics. This has implications on different areas within London and the adjacent sub regions and towns especially along the main transport arteries or corridors. A lot of these support services are clustered, and to some extent moving, leading to significantly increasing housing and transport pressures in different areas. There is and will continue to be an increasing need for London Councils to work with other local authorities in the greater south east.

In turn also London faces many similar issues to the core cities around the rest of England. The increased government emphasis on devolution of financial arrangements coupled with public sector reform suggests a continuing requirement for London Councils to work with the Core Cities group to help shape how these policies develop nationally. We understand this would build on earlier work including the City Growth and Inclusive Growth Commissions.

Mayor Khan's stated priorities are set out below but he cannot do most of these without collaborating with the boroughs.

- Business, prosperity and opportunity
- Housing and estate regeneration
- Transport
- Safe and more secure London
- Skills for Londoners
- A Fairer more equal city
- A greener, cleaner London
- Improving London's health
- Making the most of the arts

Ipsos Mori surveys of Londoners' views were conducted in 2013 and 2015 on behalf of London Councils. In 2013 57% of Londoners said they trusted their local council to make decisions compared to 11% GLA, 10% Government, 18% did not trust any and 4% did not know. 50% said they 'strongly agreed' or 'agreed' London should be afforded the same kind of decentralized power as Scotland, Wales and Northern Ireland. 72% said they strongly agreed or agreed London's local government should be given greater freedom in the way it uses money raised from London Taxpayers.

By 2015 61% of Londoners said they trusted their local council compared to 9% for the GLA and central government. 62% supported transferring more powers to London local government meaning the Mayor and boroughs. Priority areas where they felt London local government should have more control were in relation to new housing 59%, Transport 46% and schools and further education 43%. These figures are significantly higher than national comparable figures that are 22%, 35% and 37% respectively. Areas where these figures are reversed i.e. lower than the national figures were infrastructure (20% compared to 61%) as well as welfare, health and social care.

Concerns around housing are increasing whereas those on migration were pretty static and those around transport, the economy and crime were decreasing.

The Challenge Team are mindful that London's current relative success; the harmoniousness of London Boroughs' collaboration and generally positive working relationships cannot be taken for granted.

We identified a number of "perfect storm" issues which if they came together might change the London environment significantly:

- London needs more housing and there is a strong risk of major tensions within and between tiers of Government over tenure balance, density and target numbers;
- There is a serious risk of fragmentation either across party lines or one or more sub regions over a difficult or misjudged issue i.e. National Non Domestic Rate redistribution;
- There is a risk that funding constraints impact so severely that services start

to reduce in quality i.e. the health and social care work or issues arising from the Fair Funding Formula for Schools or proposed Local Government Funding Review;

- Key high impact individuals may leave or be voted out and the cross party nature of London Councils is adversely affected;
- A single issue major disagreement – Heathrow or Police or Fire resource redistribution might prove decisively divisive;
- Devolution might continue apace in England with the effect of redistributing scarce resources out of London;
- A new government might 'bite the bullet' over Local Government re-organisation in England with consequences for the very existence of London boroughs.

This 'risk list' serve as a reminder that there is no place for complacency and that sustaining a spirit of positive collaboration, 'can do' problem-solving and mutual respect between individuals and institutions should help London Government both take opportunities and survive shocks.

Section 3

What do Key Stakeholders Think?

We interviewed over 60 people and below are listed the things they cited most commonly as being examples of successes they recognised London Councils had achieved in recent years. We have tried to resist in this section saying what our views are but we have pulled a number of the themes from what was said into groupings that we hope are helpful.

In terms of successful lobbying and policy development work people cited the following areas:

- Housing including the work on London's Local Housing Allowance and lobbying around New Homes Bonus funding;
- Financial settlements including National Non Domestic Rates negotiations and work on getting a more accurate estimate of London's population levels. Many cite the effective direct lobbying of the Secretary of State to protect changes that benefitted a number of boroughs but avoided this being at the expense of outer London;
- Health and social care pilots and work around the estimated financial costs of the new Care Act;
- Employment, especially around health and work changes and influencing the London Enterprise Panel's Strategy for European Structural and Investment Funds;
- Funding for additional school places in London including for SEND.

In relation to more service matters the following aspects were felt to be very positive work by London Councils:

- The Freedom Pass channel shift;
- The pensions collective investment vehicle.

Other areas included:

- Employers' pay negotiating body
- Helping introduce an informal cap on social workers pay
- Work around unaccompanied asylum seekers
- Downsizing quietly and effectively.

There was a broad consensus that London Councils needs to exist. It is currently credible and must continue to function as an effective cross party body. This is especially as capacity in boroughs is 'hollowed out' and because there needs to be a galvanising force for discussion and negotiation with the Mayor and Government.

The Department for Communities and Local Government as well as other government departments and the GLA plus other pan London bodies strongly

want to see and engage with London boroughs as a whole. There is not yet an overall cross government consensus about the role of sub regional partnerships and, however that evolves, there is no doubt that Government will also still negotiate on a pan London basis with London Councils and the Mayor.

The existing political and senior officer leadership of London Councils is often praised and there is recognition that there has been an improvement over the last ten years. Also the quality of all staff is seen as having improved even with the downsizing in the last few years. Capability and capacity has increased despite there being less staff. However it was not widely recognised that the overall numbers and those relating to Joint Committee lobbying and policy work in particular had diminished so greatly. People generally felt that London Councils had not had to reduce as much as individual boroughs.

Some of our interviewees wanted to describe felt differences between different parts of London- East and West, Inner and Outer London, Labour and Conservative. The Team understand these feelings but they are not as important to those further away from the political heart of London Councils.

There is a widespread view that there needs to be some consensus across party politics and geography and inevitably reaching that consensus in an acceptable way will take the edge off some messages. Many saw the most visible role for the organisation is to advance and protect the agreed interests of the boroughs. Many thought London Councils exercises presence or 'soft power' even where it had no formal authority. That is in the area of where the boroughs should 'pay attention' rather than 'must do' things.

The relationship with the LGA is calm and professional and there is an accommodation that London Councils leads on London issues. We found an outlier view that London Councils could be formally part of the LGA as a semi-independent division but most thought London Councils having full independence is important.

The Team compared notes with representatives of the Manchester City Region. The constitutional arrangements do not compare directly as London is much larger and the Mayor's role both more distinct and established. But the Manchester City Region, at least for a time, captured the imagination of many, as a lively collaborative, which London needs to understand as both an inspiration and a rival.

There is broad expectation amongst our interviewees that the 'professional' ambitions of the Mayor and London boroughs need to be discussed and resolved into agreed areas for joint action and acknowledged areas where action might be separate but transparent.

The arrival of a new Mayor and a new set of Deputy Mayors provides the basis for a set of discussions to find the points where all boroughs agree with the Mayor; where only some agree and where the Mayor is persuaded one or more borough

aspirations should be supported. Such a stratified list should then prompt discussion as to how policies with a good level of buy in can be taken forward.

One key priority for the Mayor is to harness digital technology better for the benefit of Londoners and visitors. Boroughs will have much to say about this and it might be an early test of how to maximize goodwill, acknowledge realities but still make progress.

There are areas where Mayor should lead and boroughs support and others where the boroughs should lead and Mayor will support. However no one interviewed had a blue print for optimising the working relationships between the Mayor and the boroughs / London Councils.

Some talk about 'London Government' as short hand for collaboration between the Mayor and GLA as well as the 33 boroughs as this has had more resonance recently via the devolution and public service reform work. This needs to be explored further to try and integrate aspects of the work of London Councils and the GLA more effectively to create greater capacity overall.

Whilst we recognize that part of the job of London Councils is to protect some of the local difference and diversity many said London Councils should be very ambitious, advancing a vision for a vibrant London and showing a willingness to change and adapt to new demands and opportunities. They want the bar to be set at global and world capital city level.

Many interviewees want London Councils to proactively develop policy and use advocacy and lobbying to put a strong case for London. There will always need to be a balance about this. London Councils will want to stand up for local difference but at the same time effect enough common discipline to make it worthwhile for others to engage with London Councils and take it seriously as a point of real connection to a shared voice for London local government.

Most interviewees think London Councils is the 'ultimate broker', thinking about how policy initiatives land in the real world.

There is also support for the implementation of public service reform at varying geographic levels and some support for the provision of common services on behalf of member authorities. For example sharing intelligence, disseminating information on better practice and innovation to drive down costs as well as supporting political and professional networks to provide the narrative framework for the future.

Most of our interviewees thought London Councils should convene light touch co-ordination and continue to play a role in designing new London-wide solutions before the delivery stage as the interlocuteur with government departments. There is a need to create informal spaces to do this as central government think London Councils ability to do this is vital. All said that sub regional partnerships can be the default delivery bodies for new devolved

responsibilities and potentially greater levels of shared services in a variety of combinations.

Currently London Borough Chief Executives aspire to 'lead' on a wide range of co-ordination issues and issues where agencies want to collaborate better. But political knowledge and ownership of this is patchy. London Chief Executives (whose meeting is known as CELC) have been aware of these issues and have worked hard to mature their arrangements, noting that their collective capacity is itself built on volunteer contributions from people with busy day jobs. A well understood application of how political leadership and officer leadership can both contribute exists in every London Borough and ought to exist for London as a whole.

The way in which the collective talent, ambition and legitimate leadership of borough Leaders works with the talent pool of borough senior staff, London Councils staff and hired experts seems ripe for maturation. Leaders need to agree this is an important key role for 'their' Chief Executives. London Councils could have a commissioning relationship with CELC, for example asking senior staff to work up options for how a particular issue might be tackled. In such an evolved system, the Chief Executive of London Councils ought to have a more obvious leadership role to ensure such system coherence. This would leave Leaders to think about the political deliverability of such options.

Only the Chief Executive of London Councils should be the most senior adviser to the London Councils Executive but should also be able, in a transparent and equitable way, to ask other senior local government staff in London to become theme or programme leads, which will probably involve advising London Council members. This 'pivot' role needs to be more obviously authorised by London Councils and CELC.

Many told us that London Councils should adopt a more visible programme approach to major areas for proactive change whilst reserving some minor capacity for convening issue based projects when boroughs so request.

The Challenge Team believes that London Councils will need to continue to care that no borough service fails badly to ensure London is seen as professional and credible. There is a recent draft agreement between the London Self Improvement Board, the 33 boroughs and the LGA on how to address poor performance and potential failure. This seeks to ensure a structured 'bottom up' London-led approach to detecting where there might be risk of poor performance. We feel that this draft should be confirmed at political level and made widely known as being the agreed approach with the LGA.

A number of interviewees aspire that London Councils should offer more to Councils who need to collaborate but are finding this hard. Others say they have got on with it without any help. London Councils could sponsor more learning events to spread examples of positive change. The Challenge Team understands Leaders will want to be aware of such options that might save cost or enhance

quality. Yet we think there could also be a more formal expectation that a culture of sharing management models and new ideas might be a responsibility for London Chief Executives.

Whilst London Councils role as a host for varied networks is valued, these need to show self discipline and management to avoid drift. The Challenge Team thinks weaker networks should not be hosted, and to this end minimum standards should be made explicit.

As a further contribution to getting the best out of limited time and capacity the Challenge Team believes London Councils ought to model how using technology for video and voice conferencing offers options for reducing diary pressures and allowing Leaders from outer London members to reduce travelling time.

Away from the detail many interviewees said that there is a need to reset the agenda, pay tribute to what London Councils has done over the last decade but it needs to 'go again' for the next decade given the major challenges faced. It needs to make sure that Mayor Khan knows this and its willingness to collaborate to get things done.

Section 4

Thoughts on Further Options for the Next Few Years

The Challenge Team contribution is not to write a prescription but rather to offer an analysis of some options to aid further debate. In such a typology it should be obvious that the options constitute something of a pick and mix selection and in our text that follows we suggest there is a broad range that includes;

Option 1 - Reduce

Faced with further reductions in grant, some borough Leaders continue to assert an ambition to see the net financial contribution to the Joint Committee and Joint Grants Committee fall further.

We are clear that all Boroughs were formally consulted in the last twelve months and by a large majority agreed the reduced but continuing grants programme.

Our assessment of the cost elements suggest:

1. Overheads are reasonable and that a determination to reduce overheads would likely require giving up 59 and a half Southwark Street and moving the office headquarters out of central London.
2. The current grants programme is very much reduced from what it was in 2010/11. In 2015 the strategy adopted by London Councils was supported by the Boroughs with one exception. However there is no legal obstacle to closing the Grants programme altogether or asking another organisation to host it.
3. Approximately 53 staff work on the policy analysis, communication, public affairs and influencing aspects as well as Mayoral and Government relations. This including direct support to those functions. All of our interviewees see this as core business. At less than two staff per borough this does not seem to us to be a swollen capacity, but beyond a practical minimum, there must be choices as to how this capacity is scaled and prioritised.
4. The Transport and Environment Committee functions are not expensive as an overhead. We doubt others could do the technical work cheaper and giving work back to the boroughs or Transport for London is not recommended.

A smaller London Councils would likely be required to pick its areas of influence carefully, allow some opportunities to pass by and drop some areas of policy support and interest altogether. This may be less attractive to staff and consequently may degrade recruitment and retention.

An alternative to further imposed cuts now might be to agree a long term settlement say no less than four years at a cash freeze on current numbers for the Joint Committee and Grants, with a proviso that inflation does not rise above a set ceiling.

Option 2 - Consolidate

London Councils is overall in good health. Of course there are grumbles and like any area of contracted spend, those paying the bill are concerned about value in a very challenging financial climate. But London Councils has talented politicians willing to serve, good quality staff and the big issues (size of the grants budget; general level of efficiency) feel as though they are reasonably settled after the 'heavy lifting' of the past six years.

With the arrival of a new Mayor this option asserts that now is not the time for fundamental change; rather it is time to hold the nerve and press the advantages of current arrangements.

This assumes that there is an on-going mutual commitment to London Government continuing to govern some key public service and devolution challenges together, via something like the Congress and Congress Executive machinery. This option also assumes that current aspirations for more devolution over helping some into work are maintained and that 'sub-regional partnerships mature further and alongside health and social care 'footprints' become ever more adept at cross borough delivery arrangements.

Further refinements would still be worth considering:

1. Some formalising of how Executive leadership over subject areas and officer leadership via London Chief Executives or other specialist Chief Officers melds together.
2. Some attention to Executive membership to ensure no Sub- Regional Partnership is unrepresented. Indeed formal representation from each sub regional partnership might be most straightforward.

Option 3 - Adapt

On the basis of our many discussions with a wide range of senior stakeholders, we can positively assert London Councils has a role in the future. Most of these fellow London interests want London Councils to show ambition, to have a vision of the sort of London that might lock in success, whilst protecting the vulnerable and ensuring London stays affordable for the many not the few.

Most assert that London Councils needs to challenge the new Mayor to collaborate, not just beg. They want to see London Councils sticking up for the vital contribution that boroughs make to daily life. They are properly obsessed with ensuring any London initiatives land well in local areas and are sympathetic to both current local opinion but also reflect local context and exploit local opportunities.

Some stress the role of London Councils as the 'protector of Borough interests'; others want London Councils to 'press for more opportunities' for the boroughs

to play a more active part in London life. We think it inevitable London Councils will do both, but the demands of being a global capital city and the real challenges to be faced will also demand compromise.

Our analysis of this renewed ambition is based on a profound belief that all boroughs understand the big London challenges - housing; air quality; social cohesion; sustainable health and social care; transport; skills - cannot be solved totally within individual borough boundaries. Boroughs we have spoken to are up for collaboration indeed for most this is evidenced by the fees they pay to be members of Sub -Regional Partnerships.

Because the Challenge Team assumes London Councils will have to operate within its existing funding envelope, some adjustments to ways of working could still be considered:

London Councils could:

1. **Focus** - on a smaller list of genuine London-wide challenge areas such as economic growth, housing, skills, air quality, health and care but not areas which are predominantly about performance -children, education, community safety, environment, leisure and the arts.
2. **Be Theme Led** - by being organised around city building themes not services with executive portfolios to match with, say, two executive members for each: Housing Opportunities; Developing Talent; Living Together; Getting Around (transportation); City Quality (environment). These roles would be established as obvious leadership jobs, with an expectation that they would work closely with Mayoral advisers. They would be in the business of exposing “how things might be “ whilst accepting that boroughs willingness to buy into doing things differently has to be won not taken for granted.
3. **Broker**—by reinventing London Councils as the convenor of all London interests, trying to find synergies through a broad leadership alliance. Many might see the Mayor as the obvious convenor of a ‘Big Tent’ of London interests but to date both Mayors have shown only slight interest in this. London boroughs are intimately involved with all the components of civil society in their patches but no one does this job at London level. However measuring success might be trying and London’s complexity might be just too great.
4. **Share capacity**- offer to build some joint capacity with the Mayor and GLA and potentially other organisations and agencies where common objectives are clear.

Option 4 - Radically different

Overall most interviewees thought London Councils did not need drastic change, but those with a national perspective observed that the Cameron Government’s interest in City regions and county devolution deals meant that London had

to be thoughtful about future governance arrangements. Bluntly, many areas of Britain might get their act together such that their economies, profile and attractiveness might grow to the detriment of London.

The Challenge team therefore suggest that there is territory that would represent an attempt at a step change.

The basic proposition is that boroughs should not assume the Mayor alone does big picture planning for the Capital.

Under this option London Councils would seek the moral high ground where boroughs can be seen to be demanding a better future, with a clear sense of their own mandates to run their own areas but also to co-produce all public services in London.

The organisation would be less pre-occupied with current services and much more fixed on future challenges, opportunities and learning from the best of urban management at home and abroad.

Under this option London Councils would need to have great analysis to understand London and all its complications. London Councils might need different expertise such as economists, risk spotters, opinion trawlers and service designers.

It would aim to learn from other world cities.

It would need great thinkers, willing to innovate. It would be the voice of Londoners, giving expression to their hopes, fears and frustrations.

It would actively push the Mayor and the London Assembly into looking more assertively at major challenges.

It would work hard at cultivating linkages between boroughs, including sub regional partnerships and others but for a set of defined purposes to advance a well judged list of major change targets.

It would preach the principles of subsidiarity, arguing for devolution to boroughs and urging them to empower local communities.

This might lead to Executive leads, sometimes working with Deputy Mayors, using London Councils staff, London Chief Executives and other senior staff from boroughs and the GLA to propose new design solutions for big London problems. Boroughs would be free to opt in or out but subtly the pressure would be on to “be part of the future”.

London Councils could be different in the following ways:

1. London Councils would have a vision for London that would be clear and distinctive.
2. There would be agreement on the big challenges to be faced.
3. London Councils would negotiate with the Mayor as to where leadership would come from in each area of work (some led by the GLA and some led by the Boroughs), what programmes of work would be a shared responsibility and what programmes would be 'single source' initiatives.
4. Joint teams of talent, led by politicians or Mayoral deputies, would look at design options.
5. Budgeting would be around programmes not as now.
6. Proposals for new ways of working could be tested by discussion with the wider London Councils' membership. Incentives, shared costs and benefits realisation could therefore be brokered more realistically.
7. Government support, or new legislation or other national agreement could be sought on a One London basis.
8. Risks could be shared as well as credit shared around.
9. Communications activity would be strengthened. There would be a new confidence about issues to be faced to ensure the Capital's bright future, even where short term hassle or controversy had to be worked through.

In terms of ways of working, London Councils could expect:

1. To recognise the Mayor as de facto convenor of London's political leadership, but on the basis of recognition that the boroughs alongside the NHS, the Metropolitan Police and Transport for London and potentially academy chains are the most significant delivery bodies for delivering for Londoners.
2. In return to expect the Mayor to commit to leading with the consent of Borough Leaders.
3. London Councils Executive and the Mayoral team would meet monthly, calling over progress and agreeing priorities for the next period.
4. Borough Scrutiny Committees would work with the Assembly to scrutinise other key London public services e.g. Whitehall and the NHS.
5. London Councils and the Mayor would agree mechanisms for working with areas outside of London on issues of mutual interest. Both the Mayor and London Councils might need a distinct officer lead to build better links with non London interests in South East England, and beyond.

Conclusion

The Challenge Teams options as laid out above are a contribution to debate. We have discovered an organisation in good standing, with a secure place in running this vibrant world city.

The arrival of a new Mayor; the arrival of a new Prime Minister (with past service as a London Councillor) and a new Cabinet; the significance of the EU exit; the complexity of London's challenges and the real nature of threats suggests this is a time for the voice of London Councils to be clear and bold.

We hope the views of interviewees we have reported and the ideas we have offered will contribute and the organisation can go from strength to strength.

Appendix A

Core Objectives of the Review

- Reflect upon the evolution and achievements in context of the support London boroughs will need going forward
- Take account of a range of policy, service, resource and wider factors impacting over next few years
- Set out a view of the sort of capability and characteristics required
- Specifically consider and take account of :
 - *Devolution and further public service reform*
 - *Impact of this on governance and delivery of services*
 - *Changing patterns of collaboration amongst boroughs*
 - *Financial environment*
 - *The guiding principles regarding cross party working*
 - *Relationships between elected members, operating on a collective basis, staff employed by London Councils and managerial and professional leadership of London local government*
 - *Other major issues i.e. new mayor and changes to local government finance*

Appendix B

List of Interviewees

(titles correct at the time of interview)

Leading Members of London Councils

Mayor Jules Pipe, London Councils Chair, Portfolio Lead for Finance & Resources, Welfare Reform, Culture & Tourism and Mayor of Hackney

Councillor Teresa O'Neill, Portfolio Lead for Health and Leader of London Borough of Bexley

Councillor Ravi Govindia, Leader of London Borough of Wandsworth, Conservative Whip and Housing spokesman

Councillor Peter John, Portfolio Lead for Children, Employment & Skills and Leader of London Borough of Southwark

Mayor Sir Steve Bullock, Portfolio Lead for Housing and Leader of London Borough of Lewisham

Councillor Ruth Dombey, Leader of London Borough of Sutton

Councillor Julian Bell, Portfolio Lead for Transport & Environment and Leader of London Borough of Ealing

Councillor Philippa Roe, Leader of City of Westminster

Councillor Ray Puddifoot, Portfolio Lead for Adult Services and Leader of London Borough of Hillingdon

Councillor Claire Kober, Portfolio Lead for Infrastructure and Regeneration and Leader of London Borough of Haringey

Councillor Lib Peck, Portfolio Lead for Crime and Public Protection and Leader of London Borough of Lambeth

Mark Boleat, Chairman of Policy & Resources Committee, City of London Corporation

Councillor Stephen Carr, Leader of London Borough of Bromley

Councillor Chris Robbins, Leader of London Borough of Waltham Forest

Sub-Regional Chairs

Mayor Sir Robin Wales, Chair of Local London Group and Leader of London Borough of Newham

Councillor Muhammed Butt, West London Alliance Chair and Leader of London Borough of Brent

Councillor Nicholas Paget-Brown, Chair of Central London Forward and Leader of Royal Borough of Kensington and Chelsea

Councillor Stephen Alambritis, Chair of South London and Leader of London Borough of Merton

Greater London Authority (GLA)

Jeff Jacobs, Head of Paid Service

David Lunts, Executive Director of Housing and Land

Fiona Fletcher-Smith, Executive Director of Development, Enterprise and Environment

Martin Clarke, Executive Director, Resources

David Bellamy, Mayor's Chief of Staff

Jack Stenner, Mayoral Director for Political and Public Affairs

Chief Executives London Committee (CELC)

Lesley Seary and Will Tuckley – Secretary and Chair of CELC and Chief Executives of London Boroughs of Islington and Tower Hamlets

Martin Smith, Chief Executive of London Borough of Ealing

Nick Walkley, Chief Executive of London Borough of Haringey

Mary Harpley, Chief Executive of London Borough of Hounslow

Paul Martin, Chief Executive of London Borough of Wandsworth

Charlie Parker, Chief Executive of London Borough of Westminster

Carolyn Downs, Chief Executive of London Borough of Brent

Department for Communities and Local Government (CLG)

Simon Ridley and Catherine Doherty – Director General, Decentralisation and Growth and Deputy Director, Localities and London Policy

Local Government Association (LGA)

Mark Lloyd and Dennis Skinner – Chief Executive and London Regional Associate

City of London Legal Advisors

Michael Cogher and Anne Pietsch – Comptroller and City Solicitor's Department

Health

Dr Anne Rainsberry, Regional Director (London), NHS London

Dr Yvonne Doyle, Regional Director, Public Health England

Police

Assistant Commissioner Craig Mackey, Metropolitan Police Service

Helen Bailey, Chief Operating Officer, Mayor's Office for Policing and Crime

Business

John Dickie, Director of Strategy & Policy, London First

Sir Harvey McGrath, Chairman of London Enterprise Panel (LEP)

London Environmental Directors Network (LEDNET)

Chris Lee, Chair of LEDNET

Sue Foster, Strategic Director, Delivery, London Borough of Lambeth

London Association of Directors of Adult Social Services

Cathy Kerr, Director Adult and Community Services, London Borough of Richmond upon Thames

London Directors of Public Health

Jonathan Hildebrand, Director of Public Health, Royal Borough of Kingston upon Thames

Vicky Hobart, Director of Public Health, London Borough of Redbridge

Directors of Housing

Laura Johnson, Director of Housing, Royal Borough of Kensington and Chelsea

Genevieve Macklin, Head of Strategic Housing, London Borough of Lewisham

Others

Robert Gordon Clark, London Communications Agency

Bob Neill MP and Steve Reed MP, All Party Parliamentary Group for London

Sir Howard Bernstein, Chief Executive of Manchester City Council

Chris Murray, Director, Core Cities.

Appendix C

Expenditure and Staff Number Reductions between 2010/11 and 2016/17

	2010/11	2016/17	Change
	£	£	%
Joint Committee	21.6m	8.9m	-59
FTE	116.34	69.4	-40
Grants	30.1m	10.5m	-65
FTE	23.91	6.16	-74
TEC	300.2m	379.8m	+25
FTE	55.62	37.74	-32
Total Spend	352m	398m	+13
FTE	195.87	126.59	-35

Executive

Month 3 Revenue Forecast 2016/17

Item no: 9

Report by: Frank Smith

Job title: Director of Corporate Resources

Date: 13 September 2016

Contact Officer: Frank Smith

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Summary

This report summarises actual income expenditure recorded in the accounts as at 30 June 2016 (Month 3), provides a projected outturn figure for the year and highlights any significant forecast variances against the approved budget. A separate forecast is provided for each of London Councils three funding streams. The Executive is also provided with an update on London Councils reserves. The summary forecast outturn position is as follows:

	M3 Actual	Budget	Forecast	Variance
	£000	£000	£000	£000
Total expenditure	98,149	397,981	395,875	(2,106)
Total income	(101,224)	(395,489)	(394,382)	1,107
Use of reserves	-	(2,492)	(2,492)	-
Net deficit/(surplus)	(3,075)	-	(999)	(999)
Net expenditure by Committee				
Grants	35	-	(302)	(302)
Transport and Environment	356	-	(699)	(699)
Joint	(3,466)	-	2	2
Net deficit/(surplus)	(3,075)	-	(999)	(999)

Recommendations

The Executive is asked to note the overall forecast surplus as at 30 June 2016 (Month 3) of £999,000 and note the position on reserves as detailed in paragraphs 13-15.

Month 3 Revenue Forecast 2016/17

Introduction

1. London Councils revenue expenditure budget for 2016/17, as approved by the Leaders' Committee in December 2015 was £398.193 million. The budget was then adjusted by £68,000 to reflect the decision of this Committee to bring forward the £23,000 underspend in respect of NOTIFY in 2016/17, plus a £45,000 adjustment in respect of running costs. In addition payments in respect of the taxicard contract have been reduced by £280,000 on confirmation of borough funding for the scheme for 2016/17, making a revised expenditure budget for 2016/17 of £397.981 million.
2. The corresponding revenue income budget approved by the Leaders' Committee in December 2015 was £398.193 million, which included an approved transfer of £2.469 million from reserves; £1.651 million of which related to the return of funds to boroughs from reserves. An additional transfer from reserves of £23,000 was made to cover the NOTIFY carry forward balance (see paragraph 1), plus additional central recharge income of £45,000, together with a reduction in Taxicard funding from the boroughs of £280,000. Total revised income, therefore, is budgeted to be £397.981 million, of which £2.492 million is a transfer from reserves to produce a balanced budget for the year.
3. This report analyses actual income and expenditure after three month of the current financial year and highlights any significant variances emerging against the approved budget. Briefly, after excluding the £639,000 projected underspend on taxicard, the projected surplus of £999,000 is broken down as follows:
 - A projected net underspend of £141,000 in respect of officer employee costs;
 - A projected net deficit of £182,000 in respect of TEC traded services;
 - A projected net underspend of £46,000 relating to commissions in respect of the S.48 grants scheme;
 - A net projected underspend of £235,000 relating to slippage in the start of the new 2016+ joint borough/ESF funded programme;
 - A forecast underspend of £80,000 in respect of the commissioning budget;
 - A forecast underspend of £162,000 in respect of journeys undertaken by independent bus operators as part of the Freedom Pass scheme;
 - A forecast underspend of £503,000 in respect of Freedom Pass issuing/reissuing costs;

- Forecast deficits of £131,000 in respect of LEP funding towards the YPES and £11,000 in respect of overall investment income; and
- Projected additional income arising from Lorry Control enforcement and replacement Freedom Passes of £50,000 and £118,000 respectively, although this is offset by a projected deficit of £11,000 on income from the issue of replacement Taxicards.

4. Table 1 below details the overall forecast position, with Tables 2-4 showing the position for the three separate funding streams.

Table 1 – Summary Income and Expenditure Forecast 2016/17, as at 30 June 2016.

	M3 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	1,275	5,378	5,237	(141)
Running Costs	406	2,814	2,814	-
Central Recharges	0	487	487	-
Total Operating Expenditure	1,681	8,679	8,538	(141)
Direct Services	2,705	8,574	8,499	(75)
Payments in respect of Freedom Pass and Taxicard	90,380	368,677	367,383	(1,294)
Commissioned grants services	1,696	7,505	7,459	(46)
London Funders Group	-	60	60	-
ESF commissions	-	1,880	1,410	(470)
One-off borough payments	1,651	1,651	1,651	-
Improvement and Efficiency work	-	265	265	-
YPES Regional/Provider Activities	15	50	50	-
Commissioning and Research	21	640	560	(80)
Total Expenditure	98,149	397,981	395,875	(2,106)
Income				
Contributions in respect of Freedom Pass and Taxicard	(91,195)	(368,790)	(368,258)	532
Borough contribution towards grant payments	(2,127)	(8,505)	(8,505)	-
Borough contribution towards YPES payments	(180)	(180)	(180)	-
Income for direct services	(1,893)	(8,974)	(8,751)	223
Core Member Subscriptions	(5,366)	(5,706)	(5,706)	-
Borough contribution towards LCP payments	(317)	(326)	(326)	-
Government Grants	(25)	(1,131)	(790)	341
Interest on Investments	-	(75)	(64)	11
Other Income	(79)	(289)	(289)	-
Central Recharges	(42)	(1,513)	(1,513)	-
Transfer from Reserves	-	(2,492)	(2,492)	-
Total Income	(101,224)	(397,981)	(396,874)	1,107
Net Expenditure	(3,075)	-	(999)	(999)

Applied to Funding Streams				
Grants Committee	35	-	(302)	(302)
Transport and Environment Committee	356	-	(699)	(699)
Joint Committee Functions	(3,466)	-	2	2
Net Expenditure	(3,075)	-	(999)	(999)

Revenue Forecast Position as at 30 June 2016 – Grants Committee

5. Table 2 below summarises the forecast outturn position for the Grants Committee:

Table 2 – Summary Forecast – Grants Committee

	M3 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	92	382	364	(18)
Running Costs	11	18	18	-
Central Recharges	0	155	155	-
Total Operating Expenditure	103	555	537	(18)
Commissioned grants services	1,696	7,505	7,459	(46)
London Funders Group	-	60	60	-
ESF commissions – 2016+	-	1,880	1,410	(470)
One-off payment to boroughs	486	486	486	-
Total Expenditure	2,285	10,486	9,952	(534)
Income				
Borough contributions towards commissioned services	(2,127)	(8,505)	(8,505)	-
Borough contributions towards the administration of commissions	(123)	(495)	(495)	-
ESF Grant – 2016+	-	(1,000)	(765)	235
Interest on Investments	-	-	(3)	(3)
Other Income	-	-	-	-
Transfer from Reserves	-	(486)	(486)	-
Total Income	(2,250)	(10,486)	(10,254)	232
Net Expenditure	35	-	(302)	(302)

6. The projected surplus of £302,000, is broadly split between the following:

- A projected underspend of £68,000 in respect of S.48 borough funded commissioned services relating to 2016/17, offset by the additional one-off payment of £22,000 to Ashiana, as agreed by the Grants Committee in March 2016, leaving a net projected underspend of £46,000;
- A projected net underspend of £235,000 due to slippage in anticipated payments made in respect of the new 2016+ programme, based on the assumption that the programme becomes operational during the second quarter of 2016/17 and that the funding will be applied at this point, offset by grant receipts; and

- A projected underspend position of £21,000 in respect of the overall administration of all commissions.

Revenue Forecast Position as at 30 June 2016 – Transport and Environment Committee

7. Table 3 below summarises the forecast outturn position for the Transport and Environment Committee:

Table 3 – Summary Forecast – Transport and Environment Committee

	M3 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	142	652	568	(84)
Running Costs	22	297	297	-
Central Recharges	-	74	74	-
Total Operating Expenditure	164	1,023	939	(84)
Direct Services	2,653	8,426	8,351	(75)
Research	-	40	40	-
Payments in respect of Freedom Pass and Taxicard	90,380	368,677	367,383	(1,294)
One-off payment to boroughs	340	340	340	-
Total Expenditure	93,537	378,506	377,053	(1,453)
Income				
Contributions in respect of Freedom Pass and Taxicard	(91,195)	(368,790)	(368,258)	532
Income for direct services	(1,870)	(8,892)	(8,669)	223
Core Member Subscriptions	(97)	(97)	(97)	-
Government Grants	-	-	-	-
Interest on Investments	-	-	(1)	(1)
Other Income	(19)	(84)	(84)	-
Transfer from Reserves	-	(643)	(643)	-
Total Income	(93,181)	(378,506)	(377,752)	754
Net Expenditure	356	-	(699)	(699)

8. The projected surplus of £699,000 is made up of the following:

- A projected overall deficit of £182,000 in respect of TEC parking traded services, after considering an estimate of the level of borough/TfL/GLA usage volumes during the first quarter. This is attributable to a number of areas.
 - Firstly, there is a projected net deficit of £195,000 in respect of parking and traffic appeals. The estimated number of notice of appeals and statutory declarations received over the first three months amounts to 10,257, giving a projected number for the year of 41,028, 11,857 less than the budgeted figure of 52,885. The current throughput of appeals is 2.58 appeals per hour, compared to a budget figure of 2.76. There have been continued problems with obtaining robust transactional data from the contractor, Northgate Public Services (NPS) over this first quarter; the figures for June

2016 are still be verified. Officers are continuing to work with NPS to ensure that accurate data is received in a timely manner. A more robust comparison should be available at the half-year stage, when a fuller picture of the emerging number of appeals for the year can be captured, together with a more accurate financial forecast.

- Secondly, the transaction volumes for other parking systems used by boroughs and TfL over the first quarter are broadly as per budget, resulting in a projected net surplus of £7,000; and
 - Finally, the fixed cost of the parking managed services contract with NPS is projected to marginally underspend by £5,000.
-
- A projected underspend of £61,000 in respect of employee costs. The cost of staff providing direct services (included within the direct services administration charge) is estimated to overspend by £23,000, although this is offset by an underspend on staffing costs attributable to non-operational and policy staff of £54,000. In addition, the maternity cover budget is estimated to be underspent by £30,000.
 - A projected underspend of £162,000 in respect of the £1.7 million budget for payments to independent bus operators, based on initial trends and claims emerging in the early stages of the financial year.
 - A projected underspend of £503,000 in respect of the £1.518 million budget for payments to in respect of the issuing/reissuing costs of Freedom Passes.
 - Based on income collected during the first quarter and the continuing trend into July, receipts from Lorry Control PCN income are forecast to exceed the budget of £750,000 by £50,000.
 - Based on income collected during the first quarter and the continuing trend into July, income receipts from replacement Freedom Passes are forecast to exceed the budget of £550,000 by £118,000. For replacement Taxicards, there is a projected deficit on the £36,000 income budget of £11,000 for the year.

Revenue Forecast Position as at 30 June 2016 – Joint Committee Core Functions

9. Table 4 below summarises the forecast outturn position for the Joint Committee core functions:

Table 4 – Summary Forecast – Joint Committee core functions

	M3 Actual	Budget	Forecast	Variance
	£000	£000	£000	£000
Expenditure				
Employee Costs	1,041	4,344	4,305	(39)
Running Costs	373	2,499	2,499	-
Central Recharges	0	258	258	-
Total Operating Expenditure	1,414	7,101	7,062	(39)
Direct Services	52	148	148	-
Commissioning and Research	21	600	520	(80)
Improvement and Efficiency work	-	265	265	-
YPES Regional/Provider Activities	15	50	50	-
One-off borough payment	825	825	825	-
Total Expenditure	2,327	8,989	8,870	(119)
Income				
Income for direct services	(23)	(82)	(82)	-
Core Member Subscriptions	(5,114)	(5,114)	(5,114)	-
Borough contribution towards YPES payments	(180)	(180)	(180)	-
Borough contribution towards LCP payments	(317)	(326)	(326)	-
Government Grants	(25)	(131)	(25)	106
Interest on Investments	-	(75)	(60)	15
Other Income	(60)	(205)	(205)	-
Central Recharges	(42)	(1,513)	(1,513)	-
Transfer from Reserves	-	(1,363)	(1,363)	-
Total Income	(5,761)	(8,989)	(8,868)	121
Net Expenditure	(3,434)	-	2	2

10. A near breakeven position is projected against the approved budget in respect of the joint committee core functions. Employee costs are projected to underspend by £39,000, primarily due to holding off recruiting to certain current vacant posts. In addition, there is a forecast underspend of £80,000 in respect of the commissioning budget. Additional income of £25,000 is forecast to accrue in respect of the YPES managed Accelerated Learning Project.
11. These are offset by a projected shortfall of £15,000 in respect of investment income, plus a potential shortfall of £131,000 in respect of LEP funding for the YPES. Officers will continue to liaise with GLA officials to determine whether or not a contribution towards this service will be received in respect of 2016/17.

Externally Funded Projects

12. The externally funded projects are estimated to have matched income and expenditure of just over £7.3 million for 2016/17, including funding for the new ESF 2016+ programme. This is based on a review of the indicative budget plans held at London Councils by the designated project officers, which confirms that there is no projected net cost to London Councils for running these projects during 2016/17. However, a fuller picture of transactions relating to these activities will be included in the Month 6 forecast report to be present to the November Executive meeting.

Reserves

13. The forecast reserves position for each of the three funding streams for the current year and beyond is illustrated in Table 6 below:

Table 6 – Forecast reserves after all current commitments

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
Unaudited General Reserve at 31 March 2016	3,269	6,379	634	10,406
Unaudited Specific/ESF Reserve at 31 March 2016	1,000	-	1,358	2,358
Provisional reserves at 31 March 2016	4,269	6,379	1,992	12,640
Committed in setting 2016/17 budget	(303)	(515)	-	(818)
One-off payment to boroughs 2016/17	(340)	(825)	(486)	(1,651)
Balances c/f into 2016/17	-	(23)	-	(23)
Provision for support to 3 rd sector via City Bridge	-	-	(75)	(75)
Borough ESF 2008-15 programme closure provision	-	(300)	-	(300)
Provisional commitments for 2017/18 -2019/20	(1,000)	(606)	(1,000)	(2,606)
Forecast surplus/(deficit) 2016/17	699	(2)	302	999
Uncommitted reserves	3,325	4,108	733	8,166

14. The current level of commitments from reserves, as detailed in Table 6, come to £5.473 million over the short-medium term and are detailed in Table 7 below:

Table 7 – Commitments from Reserves 2016-2020

	2016/17	2017/18	2018-20	Total
	£000	£000	£000	£000
Approved transfer from JC general reserves	164	-	-	164
Approved transfer from TEC general reserves	303	-	-	303
NOTIFY system developments	23	-	-	23
Accumulated YPES funds	150	606	-	756
Slippage of ESG grants funding	-	-	1,000	1,000
One-off repayment to boroughs in 2015/16	1,651	-	-	1,651
Support to the health transition process	201	-	-	201
2020 Freedom Pass reissue	-	-	1,000	1,000
ESF 2008-15 programme closure	300	-	-	300
Support to 3 rd sector via City Bridge Trust	37	38	-	75
Totals	2,829	644	2,000	5,473

Conclusions

15. This report highlights the projected outturn position for the current year, based on transactions undertaken up until 30 June 2016 (month 3), together with known future developments. At this point, a forecast underspend of £999,000 is projected for 2016/17, across the three funding streams. Uncommitted reserves are currently projected to be just under £8.2 million by the end of the current financial year.
16. The next forecast will be presented to the Executive in November, which will highlight the projected position at the half-way stage of the 2016/17 financial year.

Recommendations

17. The Executive is asked to note the overall forecast surplus as at 30 June 2016 (Month 3) of £999,000 and note the position on reserves as detailed in paragraphs 13-15.

Financial Implications for London Councils

No additional implications other than detailed in the body of the report.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

None

Background Papers

London Councils Revenue Forecast File 2016/17

Executive

Debtors Update Report

Item no: 10

Report by: David Sanni **Job title:** Head of Financial Accounting
Date: 13 September 2016
Contact Officer: David Sanni
Telephone: 020 7934 9704 **Email:** david.sanni@londoncouncils.gov.uk

Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 July 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 December 2015.

A summary of the level of London Councils outstanding debts as at 31 July 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 July 2016

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/12/2015	-	235	235
Debts invoiced between 1/1/2016 – 31/7/2016	4,064	231	4,295
Total	4,064	466	4,530

Recommendations

The Executive is asked:

- To note the level of outstanding debt of £52.50 in relation to borough, TfL and GLA invoices raised up until 31 December 2015, a reduction on the outstanding figure of £1.352 million reported to the Executive at its meeting on 1 March 2016;
- To note the level of outstanding debt of £4.064 million in respect of borough, TfL and GLA invoices raised in the period 1 January to 31 July 2016;

- To note the level of outstanding debt of £466,364.58 in relation to other debtors invoices raised up until 31 July 2016;
 - To approve the write-off of £1,517.93 in respect of the invoice to the Mosaada Centre for Single Women to recover unused European Social Fund (ESF) community grant funding; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 9 of this report.
-

Debtors Update Report

Introduction

1. London Councils' Executive received a report at its meeting on 1 March 2016 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 December 2015. The position reported to this meeting is illustrated in Table 2 below:

Table 2 – Outstanding Borough/TfL and GLA debt invoiced up until 31 December 2015, as reported to the Executive on 1 March 2016

Debtor	Debt Amount (£)
Member boroughs	1,352,455.02
TfL	-
GLA	-
Total	1,352,455.02

Current Position

2. The current position in respect of outstanding debt due from member boroughs, TfL and the GLA up to 31 December 2015 is detailed in Table 3 below:

Table 3 – Outstanding Borough/TfL and GLA debt invoiced up until 31 December 2015, as at 31 July 2016

Debtor	Debt Amount (£)
Member boroughs	52.20
TfL	-
GLA	-
Total	52.20

Borough/TfL/GLA Debt 1 January to 31 July 2016

3. Appendix A to this report shows the level of outstanding debt owed to London Councils by its member boroughs and TfL/GLA over the period 1 January to 31 July 2016, which totals £4.064 million. This debt is profiled as illustrated in Table 4 below:

Table 4 – Outstanding Borough/TfL and GLA debt 1 January to 31 July 2016

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	2,237	123	528	1,173	4,061
TfL	2	-	-	-	2
GLA	1	-	-	-	1
Total	2,240	123	528	1,173	4,064

4. Under the terms of the Financial Services SLA with the City of London, reminders in respect of unpaid invoices are sent out to debtors by the City on behalf of London Councils after 21 and 35 days. If a debt is still outstanding after 42 days, it is handed back over to London Councils for further action to be taken. Finance officers are, therefore, actively pursuing the debt of £1.701 million that has been outstanding for over 60 days. The aim is to ensure that the majority of the unpaid debt at any point in time has been outstanding for less than 30 days, with a minimal amount being outstanding for between 30 and 60 days. Boroughs, TfL and GLA are urged to ensure that any disputed amounts are promptly reported back to London Councils, detailing the full nature of the dispute. In cases where the value and/or number of outstanding invoices owed by a borough are unacceptably high, the debts are referred to the Chief Executive and Treasurer through contact from London Councils Chief Executive and /or Director of Corporate Resources to assist in the recovery of the funds.

Significant Borough/TfL/GLA Debtors

5. The significant individual borough, TfL and GLA debtors within the outstanding balances over 60 days are detailed below:

- **LB of Barnet - £350,025.05 – 6 invoices (Now £35,563.85 - 2 invoices)**

The balance is made up of six invoices that relate to the annual subscription to London Councils for 2016/17 (£105,652), the non-TfL concessionary fares charges for the first quarter of 2016/17 (£93,788), the Grants Committee subscription for the first quarter of 2016/17 (£77,454), the annual subscription to London Councils Ltd (£37,567.20), charges for TEC parking services for the fourth quarter of 2015/16 (£35,308.65) and charges for TEC parking services for abandoned and untaxed vehicles for the second quarter of 2015/16 (£255.20). Four of the invoices have been paid with the invoices for TEC parking services still outstanding. The borough's interim Chief Executive has been informed of the outstanding debts and finance officers shall continue to liaise with colleagues in the borough to ensure they are settled as soon as possible.

- **LB of Brent - £111,473.63 – 2 invoices (Now £45,208.63 – 1 invoice)**

The balance is made up of two invoices that relate to the Grants Committee subscription for the first quarter of 2016/17 (£66,265) and charges for TEC parking services for the fourth quarter of 2015/16 (£45,208.63). The Grant Committee subscription was paid in August 2016 and the borough's Chief Finance Officer has

been informed of the remaining debt. Finance officers shall continue to liaise with colleagues in the borough to ensure it is settled as soon as possible.

- **RB of Greenwich - £113,696.20 – 3 invoices (Now £52.20 – 1 invoice)**

The balance is made up of three invoices that relate to the annual subscription to London Councils for 2016/17 (£105,652), TEC parking services for the fourth quarter of 2015/16 (£7,992.01) and other charges (£52.20). The invoices for the annual subscription to London Councils and TEC parking services were paid in August 2016.

- **LB of Hounslow - £105,652 – 1 invoice (Now Nil)**

The balance is made up of one invoice that relates to the annual subscription to London Councils for 2016/17. The invoice was paid in August 2016.

- **RB of Kensington & Chelsea - £103,523.50 – 2 invoices (Now Nil)**

The balance consists of two invoices that relate to the non-TfL concessionary fares contribution for the first quarter of 2016/17 (£52,844) and the Taxicard subscription for the first quarter of 2016/17 (£50,679.50). Both invoices were paid in August 2016.

- **LB of Lambeth - £155,855.20 – 8 invoices – (Now £146,155.20 – 6 invoices)**

The balance consists of eight invoices that relate to the annual subscription to London Councils for 2016/17 (£105,652), the annual subscription to London Councils Ltd (£37,567.20), the annual subscription to London Care Services for 2016/17 (£9,000), the contribution to ALDCS for 2015/16 (£2,000), the contribution to the Andy Ludlow Awards for 2016/17 (£700) and GLPC job evaluations (£936). The invoices for the annual subscription to London Care Services and the contribution to the Andy Ludlow Awards were paid in August 2016. The borough's Director of Finance has been informed of the remaining debts and finance officers shall continue to liaise with colleagues in the borough to ensure they are settled as soon as possible.

- **LB of Newham - £232,720.20 – 5 invoices (Now Nil)**

The balance consists of five invoices that relate to the annual subscription to London Councils for 2016/17 (£105,652), to the Grants Committee subscription for the first quarter of 2016/17 (£67,001), the annual subscription to London Councils Ltd (£37,567.20), the registration of PCN debts at the county court for April 2016

(£21,000) and the annual parking core subscription (£1,500). All the outstanding invoices were paid in August 2016.

- **LB of Southwark - £169,785 – 4 invoices (Now £1,500 – 1 invoice)**

The balance consists of four invoices that relate to the annual subscription to London Councils for 2016/17 (£105,652), the annual subscription to London Councils Ltd (£37,567.20), TEC parking services for the fourth quarter of 2015/16 (£25,065.80) and the annual parking core subscription (£1,500). Only the annual parking core subscription remains outstanding and finance officers shall continue to liaise with colleagues in the borough to ensure it is settled as soon as possible.

- **LB of Sutton - £105,652 – 1 invoice (Now Nil)**

The balance consists of one invoice that relates to the annual subscription to London Councils for 2016/17. The invoice was paid in August 2016.

6. The total value of the debts detailed in paragraph 6 above is £1.448 million and consists of 32 invoices. If these amounts are excluded from all the debts that are over 60 days old which total £1.702 million a sum of £253,157.45 remains outstanding in respect of 15 invoices, an average of £16,877.16 per invoice outstanding. In addition to the reminders sent out by the City of London, the borough officers have also been contacted by letters and telephone but some of the debts still remain unpaid. Finance officers will continue to chase up these debts with the relevant borough officers with a view to clearing as much as possible in the period up until 30 September 2016.

Other Debtors

7. Appendix B to this report shows the level of outstanding debt owed to London Councils by third parties other than member boroughs, TfL and the GLA at 31 July 2016. An aged analysis of these debts is summarised in table 5 below:

Table 5 – Non-borough/TfL/GLA outstanding debt as at 31 July 2016

	Total Debt (£)	No. of invoices
2013/14 debts	550.00	1
2014/15 debts	215,854.85	8
2015/16 debts	59,150.40	6
2016/17 debts over 60 days	1,121.00	3
2016/17 debts between 30 – 60 days old	53,106.75	6
2016/17 debts 30 days or less	136,581.58	21
Total	466,364.58	45

8. The significant individual debtors within the outstanding balances over 60 days are:

- **British Parking Association (BPA) - £202,077.60 – 5 invoices**

This balance is made up of five invoices that relate to the operation of the Parking on Private Land Appeals (POPLA) service. London Councils is actively seeking to resolve this issue with the BPA.

- **Repayment of ESF Community Grants - £33,077.25 – 7 invoices**

Table 6 below contains a list of seven organisations awarded community grants under the discretionary ESF co-financing programme that have been asked to repay their unused grant funding.

Table 6 – List of Community Grant debtors

Name of organisation	Outstanding repayment at 31 July 2016
Ardent Foundation	6,250.00
Community Business Enfield	6,249.82
Creative Innovation	550.00
Cross Wave Ltd	6,250.00
Forte Creations	6,250.00
Kimbanguist Association of London	6,009.50
Mosaada Centre for Single Women	1,517.93
Total	33,077.25

Four organisations have been referred to the City of London Solicitor's Department for legal action to be taken to recover the debts. The organisations referred to the legal team are:

- Community Business Enfield;
- Creative Innovation;
- Kimbanguist Association for London; and
- Mosaada Centre for Single Women.

Negotiations continue to take place between the Solicitor's Department, London Councils officers and Community Business Enfield and Creative Innovation. There has been no response to correspondence sent to the Kimbanguist Association for London but the Solicitor's Department continues to pursue the matter. The Mosaada Centre for Single Women was dissolved in July 2016 and it is unlikely that this debt will be recovered. The organisation was awarded a community grant of £12,500 in December 2013 and paid an advance of £6,250 (50%) in accordance with the terms of the community grants programme. The grant was awarded for a period from 15 December 2013 to 30 April 2014 for the provision of personal development training and support to disadvantaged women within the London Borough of Tower Hamlets. The organisation was only able to provide evidence to support £4,732.07 of eligible expenditure by the end of the period and an invoice was issued to recover the unevidenced balance of £1,517.93. The grant was match funded by the London Borough of Tower Hamlets and London Councils officers will ensure that the balance is taken into account during the project closure process. Given the circumstances, the full value of the invoice has to be written down in order to comply with generally accepted accounting principles. Formal approval is, therefore, requested from the Executive for the write-off of this debt.

The grant claims in respect of the remaining three organisations, listed below, are currently being reviewed for potential irregularities. They were awarded community grants of £12,500 in May 2015 and issued advanced funding of £6,250 each:

- Ardent Foundation;
- Cross Wave Ltd; and
- Forte Creations Ltd.

- **Shared Services Connected Ltd - £39,247.20 – 1 invoice (Now Nil)**

This balance is made up of one invoice that relates to fees in respect of an officer seconded to the Department for Communities and Local Government. This invoice was paid in August 2016.

9. The City of London's role in raising London Councils' debtor invoices is detailed in paragraph 5 of this report. For those debts that have reached the 42 day cut-off point, letters are prepared seeking immediate payment, otherwise London Councils will consider taking further action. The Finance Section undertakes prompt follow up action as soon as the debt is referred back by the Corporation.

10. If the debt write-off recommended in this report is approved, the overall level of debtors will reduce by £1,517.93 from £4,530,452.41 to £4,528,934.48 as at 31 July 2016.

Summary

11. This report details the level of outstanding debt owed to London Councils from all sources as at 31 July 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 December 2015.

12. A summary of the level of London Councils outstanding debts as at 31 July 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2015

Period	Borough / TfL / GLA Debts	Non-borough / TfL / GLA Debts	Total Debts
	£000	£000	£000
Debts invoiced up to 31/12/2015	-	235	235
Debts invoiced between 1/1/2016 – 31/7/2016	4,064	231	4,295
Total	4,064	466	4,530

Recommendations

13. The Executive is asked:

- To note the level of outstanding debt of £52.50 in relation to borough, TfL and GLA invoices raised up until 31 December 2015, a reduction on the outstanding figure of £1.352 million reported to the Executive at its meeting on 1 March 2016;
- To note the level of outstanding debt of £4.064 million in respect of borough, TfL and GLA invoices raised in the period 1 January to 31 July 2016;
- To note the level of outstanding debt of £466,364.58 in relation to other debtors invoices raised up until 31 July 2016;
- To approve the write-off of £1,517.93 in respect of the invoice to the Mosaada Centre for Single Women to recover unused European Social Fund (ESF) community grant funding; and
- To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 9 of this report.

Financial Implications for London Councils

The financial implications are incorporated into the body of the report.

Legal Implications for London Councils

None.

Equalities Implications for London Councils

None.

Appendices

Appendix A: Outstanding Borough/TfL/GLA debts invoiced from 1 January to 31 July 2016

Appendix B: Outstanding Other debts at 31 July 2016

Background Papers

London Councils Debtors working papers 2016/17

Report to Executive on 1 March 2016

Appendix A - Outstanding Borough/TfL/GLA debts invoiced from 1 January to 31 July 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4174813	LB of Barking & Dagenham	83338	06/07/2016	52,251.00	52,251.00	25	52,251.00			
	LB of Barking & Dagenham Total			52,251.00	52,251.00		52,251.00	0.00	0.00	0.00
4168383	London Borough of Barnet	65237	11/04/2016	77,454.00	77,454.00	111				77,454.00
4169417	London Borough of Barnet	65237	21/04/2016	105,652.00	105,652.00	101				105,652.00
4169778	London Borough of Barnet	65237	26/04/2016	37,567.20	37,567.20	96				37,567.20
4170480	London Borough of Barnet	65237	06/05/2016	255.20	255.20	86			255.20	
4171620	London Borough of Barnet	65237	23/05/2016	93,788.00	93,788.00	69			93,788.00	
4171751	London Borough of Barnet	65237	25/05/2016	35,308.65	35,308.65	67			35,308.65	
4174158	London Borough of Barnet	65237	27/06/2016	309.60	309.60	34		309.60		
4174815	London Borough of Barnet	65237	06/07/2016	98,793.00	98,793.00	25	98,793.00			
4175167	London Borough of Barnet	65237	11/07/2016	9,898.00	9,898.00	20	9,898.00			
4175661	London Borough of Barnet	65237	18/07/2016	3,713.79	3,713.79	13	3,713.79			
	London Borough of Barnet Total			462,739.44	462,739.44		112,404.79	309.60	129,351.85	220,673.20
4175802	London Borough of Bexley	82583	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	London Borough of Bexley Total			1,500.00	1,500.00		1,500.00	0.00	0.00	0.00
4168386	London Borough of Brent	80673	11/04/2016	66,265.00	66,265.00	111				66,265.00
4171753	London Borough of Brent	80673	25/05/2016	45,208.63	45,208.63	67			45,208.63	
4172952	London Borough of Brent	80673	13/06/2016	700.00	700.00	48		700.00		
4174819	London Borough of Brent	80673	06/07/2016	84,522.00	84,522.00	25	84,522.00			
4175097	London Borough of Brent	80673	11/07/2016	13,926.50	13,926.50	20	13,926.50			
4175803	London Borough of Brent	80673	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	London Borough of Brent Total			212,122.13	212,122.13		99,948.50	700.00	45,208.63	66,265.00
4171754	London Borough of Bromley	78518	25/05/2016	13,806.61	13,806.61	67			13,806.61	
4174820	London Borough of Bromley	78518	06/07/2016	84,659.00	84,659.00	25	84,659.00			
4176082	London Borough of Bromley	78518	25/07/2016	60,000.00	60,000.00	6	60,000.00			
	London Borough of Bromley Total			158,465.61	158,465.61		144,659.00	0.00	13,806.61	0.00
4170485	London Borough of Camden	73305	06/05/2016	79.20	79.20	86			79.20	
4172953	London Borough of Camden	73305	13/06/2016	700.00	700.00	48		700.00		
4174821	London Borough of Camden	73305	06/07/2016	61,884.00	61,884.00	25	61,884.00			
	London Borough of Camden Total			62,663.20	62,663.20		61,884.00	700.00	79.20	0.00
4175169	Croydon Council	71501	11/07/2016	13,650.00	13,650.00	20	13,650.00			
	Croydon Council Total			13,650.00	13,650.00		13,650.00	0.00	0.00	0.00
4173634	London Borough of Ealing	88277	20/06/2016	180.00	180.00	41		180.00		
4175170	London Borough of Ealing	88277	11/07/2016	5,950.00	5,950.00	20	5,950.00			
4175659	London Borough of Ealing	88277	18/07/2016	252.00	252.00	13	252.00			
	London Borough of Ealing Total			6,382.00	6,382.00		6,202.00	180.00	0.00	0.00
4164208	London Borough of Enfield	95679	08/02/2016	267.24	267.24	174				267.24
4164214	London Borough of Enfield	95679	08/02/2016	267.24	267.24	174				267.24
4170487	London Borough of Enfield	95679	06/05/2016	386.60	386.60	86			386.60	
	London Borough of Enfield Total			921.08	921.08		0.00	0.00	386.60	534.48
4169422	Royal Borough of Greenwich	124082	21/04/2016	105,652.00	105,652.00	101				105,652.00
4171763	Royal Borough of Greenwich	124082	25/05/2016	7,992.01	7,992.01	67			7,992.01	
4175100	Royal Borough of Greenwich	124082	11/07/2016	44,905.75	44,905.75	20	44,905.75			
4175175	Royal Borough of Greenwich	124082	11/07/2016	6,405.00	6,405.00	20	6,405.00			
4175804	Royal Borough of Greenwich	124082	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	Royal Borough of Greenwich Total			166,454.76	166,454.76		52,810.75	0.00	7,992.01	105,652.00
4168209	London Borough of Hackney	37291	06/04/2016	9,000.00	9,000.00	116				9,000.00

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4171766	London Borough of Hackney	37291	25/05/2016	38,983.46	38,983.46	67			38,983.46	
4174829	London Borough of Hackney	37291	06/07/2016	69,341.00	69,341.00	25	69,341.00			
4175124	London Borough of Hackney	37291	11/07/2016	63,145.75	63,145.75	20	63,145.75			
4175178	London Borough of Hackney	37291	11/07/2016	12,880.00	12,880.00	20	12,880.00			
4175807	London Borough of Hackney	37291	20/07/2016	1,500.00	1,500.00	11	1,500.00			
London Borough of Hackney Total				194,850.21	194,850.21		146,866.75	0.00	38,983.46	9,000.00
4174830	L. B. Hammersmith and Fulham	101404	06/07/2016	47,001.00	47,001.00	25	47,001.00			
4175127	L. B. Hammersmith and Fulham	101404	11/07/2016	49,387.25	49,387.25	20	49,387.25			
4175862	L. B. Hammersmith and Fulham	101404	20/07/2016	7,000.00	7,000.00	11	7,000.00			
L. B. Hammersmith and Fulham Total				103,388.25	103,388.25		103,388.25	0.00	0.00	0.00
4170497	London Borough of Haringey	79442	06/05/2016	219.60	219.60	86			219.60	
4174832	London Borough of Haringey	79442	06/07/2016	70,498.00	70,498.00	25	70,498.00			
4175128	London Borough of Haringey	79442	11/07/2016	6,720.25	6,720.25	20	6,720.25			
4175634	London Borough of Haringey	79442	18/07/2016	9,000.00	9,000.00	13	9,000.00			
London Borough of Haringey Total				86,437.85	86,437.85		86,218.25	0.00	219.60	0.00
4174836	London Borough of Harrow	79451	06/07/2016	64,825.00	64,825.00	25	64,825.00			
4175091	London Borough of Harrow	79451	11/07/2016	336.00	336.00	20	336.00			
London Borough of Harrow Total				65,161.00	65,161.00		65,161.00	0.00	0.00	0.00
4172954	London Borough of Havering	67402	13/06/2016	700.00	700.00	48		700.00		
4175129	London Borough of Havering	67402	11/07/2016	19,128.25	19,128.25	20	19,128.25			
4175809	London Borough of Havering	67402	20/07/2016	1,500.00	1,500.00	11	1,500.00			
London Borough of Havering Total				21,328.25	21,328.25		20,628.25	700.00	0.00	0.00
4168461	London Borough of Hillingdon	71486	11/04/2016	60,466.00	60,466.00	111				60,466.00
4171771	London Borough of Hillingdon	71486	25/05/2016	11,968.14	11,968.14	67			11,968.14	
4172973	London Borough of Hillingdon	71486	13/06/2016	700.00	700.00	48		700.00		
4174839	London Borough of Hillingdon	71486	06/07/2016	77,125.00	77,125.00	25	77,125.00			
4175082	London Borough of Hillingdon	71486	11/07/2016	336.00	336.00	20	336.00			
4175084	London Borough of Hillingdon	71486	11/07/2016	336.00	336.00	20	336.00			
4175182	London Borough of Hillingdon	71486	11/07/2016	2,226.00	2,226.00	20	2,226.00			
London Borough of Hillingdon Total				153,157.14	153,157.14		80,023.00	700.00	11,968.14	60,466.00
4169430	London Borough of Hounslow	67448	21/04/2016	105,652.00	105,652.00	101				105,652.00
4172959	London Borough of Hounslow	67448	13/06/2016	700.00	700.00	48		700.00		
4174840	London Borough of Hounslow	67448	06/07/2016	69,979.00	69,979.00	25	69,979.00			
4175810	London Borough of Hounslow	67448	20/07/2016	1,500.00	1,500.00	11	1,500.00			
4175860	London Borough of Hounslow	67448	20/07/2016	336.00	336.00	11	336.00			
London Borough of Hounslow Total				178,167.00	178,167.00		71,815.00	700.00	0.00	105,652.00
4171740	London Borough of Islington	5693	25/05/2016	700.00	700.00	67			700.00	
4174842	London Borough of Islington	5693	06/07/2016	58,243.00	58,243.00	25	58,243.00			
4175131	London Borough of Islington	5693	11/07/2016	54,250.00	54,250.00	20	54,250.00			
4175812	London Borough of Islington	5693	20/07/2016	1,500.00	1,500.00	11	1,500.00			
London Borough of Islington Total				114,693.00	114,693.00		113,993.00	0.00	700.00	0.00
4171628	Royal Borough of Kensington & Chelsea	111455	23/05/2016	52,844.00	52,844.00	69			52,844.00	
4171732	Royal Borough of Kensington & Chelsea	111455	25/05/2016	50,679.50	50,679.50	67			50,679.50	
4172605	Royal Borough of Kensington & Chelsea	111455	08/06/2016	14,000.00	14,000.00	53		14,000.00		
4173990	Royal Borough of Kensington & Chelsea	111455	23/06/2016	9,000.00	9,000.00	38		9,000.00		
4173992	Royal Borough of Kensington & Chelsea	111455	23/06/2016	9,000.00	9,000.00	38		9,000.00		
4173994	Royal Borough of Kensington & Chelsea	111455	23/06/2016	9,000.00	9,000.00	38		9,000.00		
4174844	Royal Borough of Kensington & Chelsea	111455	06/07/2016	41,157.00	41,157.00	25	41,157.00			
4175140	Royal Borough of Kensington & Chelsea	111455	11/07/2016	40,390.50	40,390.50	20	40,390.50			

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4175863	Royal Borough of Kensington & Chelsea	111455	20/07/2016	13,972.00	13,972.00	11	13,972.00			
	Royal Borough of Kensington & Chelsea Total			240,043.00	240,043.00		95,519.50	41,000.00	103,523.50	0.00
4175143	Royal Borough of Kingston	75215	11/07/2016	41,101.00	41,101.00	20	41,101.00			
4175188	Royal Borough of Kingston	75215	11/07/2016	9,765.00	9,765.00	20	9,765.00			
4175822	Royal Borough of Kingston	75215	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	Royal Borough of Kingston Total			52,366.00	52,366.00		52,366.00	0.00	0.00	0.00
4165184	London Borough of Lambeth	3330	22/02/2016	312.00	312.00	160				312.00
4165276	London Borough of Lambeth	3330	22/02/2016	312.00	312.00	160				312.00
4165286	London Borough of Lambeth	3330	22/02/2016	312.00	312.00	160				312.00
4168459	London Borough of Lambeth	3330	11/04/2016	2,000.00	2,000.00	111				2,000.00
4169441	London Borough of Lambeth	3330	21/04/2016	105,652.00	105,652.00	101				105,652.00
4169807	London Borough of Lambeth	3330	26/04/2016	37,567.20	37,567.20	96				37,567.20
4171749	London Borough of Lambeth	3330	25/05/2016	700.00	700.00	67			700.00	
4171780	London Borough of Lambeth	3330	25/05/2016	9,000.00	9,000.00	67			9,000.00	
4172607	London Borough of Lambeth	3330	08/06/2016	55,993.00	55,993.00	53		55,993.00		
4174847	London Borough of Lambeth	3330	06/07/2016	83,853.00	83,853.00	25	83,853.00			
4175189	London Borough of Lambeth	3330	11/07/2016	41,979.00	41,979.00	20	41,979.00			
	London Borough of Lambeth Total			337,680.20	337,680.20		125,832.00	55,993.00	9,700.00	146,155.20
4174848	London Borough of Lewisham	39651	06/07/2016	76,925.00	76,925.00	25	76,925.00			
	London Borough of Lewisham Total			76,925.00	76,925.00		76,925.00	0.00	0.00	0.00
4175827	City of London	5408	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	City of London Total			1,500.00	1,500.00		1,500.00	0.00	0.00	0.00
4172965	London Borough of Merton	65185	13/06/2016	700.00	700.00	48		700.00		
4174855	London Borough of Merton	65185	06/07/2016	53,629.00	53,629.00	25	53,629.00			
4175823	London Borough of Merton	65185	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	London Borough of Merton Total			55,829.00	55,829.00		55,129.00	700.00	0.00	0.00
4168488	London Borough of Newham	54574	11/04/2016	67,001.00	67,001.00	111				67,001.00
4169445	London Borough of Newham	54574	21/04/2016	105,652.00	105,652.00	101				105,652.00
4169862	London Borough of Newham	54574	26/04/2016	37,567.20	37,567.20	96				37,567.20
4170929	London Borough of Newham	54574	11/05/2016	21,000.00	21,000.00	81			21,000.00	
4170981	London Borough of Newham	54574	11/05/2016	1,500.00	1,500.00	81			1,500.00	
4173939	London Borough of Newham	54574	22/06/2016	698.95	698.95	39		698.95		
4174189	London Borough of Newham	54574	27/06/2016	9,000.00	9,000.00	34		9,000.00		
4174856	London Borough of Newham	54574	06/07/2016	85,460.00	85,460.00	25	85,460.00			
4175150	London Borough of Newham	54574	11/07/2016	33,010.75	33,010.75	20	33,010.75			
4175194	London Borough of Newham	54574	11/07/2016	26,586.00	26,586.00	20	26,586.00			
	London Borough of Newham Total			387,475.90	387,475.90		145,056.75	9,698.95	22,500.00	210,220.20
4174858	LB of Richmond Upon Thames	92507	06/07/2016	51,012.00	51,012.00	25	51,012.00			
4175156	LB of Richmond Upon Thames	92507	11/07/2016	18,411.00	18,411.00	20	18,411.00			
4175196	LB of Richmond Upon Thames	92507	11/07/2016	3,591.00	3,591.00	20	3,591.00			
4175824	LB of Richmond Upon Thames	92507	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	LB of Richmond Upon Thames Total			74,514.00	74,514.00		74,514.00	0.00	0.00	0.00
4169447	London Borough of Southwark	8589	21/04/2016	105,652.00	105,652.00	101				105,652.00
4169810	London Borough of Southwark	8589	26/04/2016	37,567.20	37,567.20	96				37,567.20
4170985	London Borough of Southwark	8589	11/05/2016	1,500.00	1,500.00	81			1,500.00	
4171789	London Borough of Southwark	8589	25/05/2016	25,065.80	25,065.80	67			25,065.80	
4172082	London Borough of Southwark	8589	01/06/2016	700.00	700.00	60		700.00		
4174859	London Borough of Southwark	8589	06/07/2016	79,721.00	79,721.00	25	79,721.00			
4175157	London Borough of Southwark	8589	11/07/2016	28,750.00	28,750.00	20	28,750.00			

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4175200	London Borough of Southwark	8589	11/07/2016	16,114.00	16,114.00	20	16,114.00			
	London Borough of Southwark Total			295,070.00	295,070.00		124,585.00	700.00	26,565.80	143,219.20
4169449	London Borough of Sutton	39800	21/04/2016	105,652.00	105,652.00	101				105,652.00
4175158	London Borough of Sutton	39800	11/07/2016	6,324.50	6,324.50	20	6,324.50			
4175204	London Borough of Sutton	39800	11/07/2016	2,149.00	2,149.00	20	2,149.00			
4175940	London Borough of Sutton	39800	21/07/2016	52,208.00	52,208.00	10	52,208.00			
	London Borough of Sutton Total			166,333.50	166,333.50		60,681.50	0.00	0.00	105,652.00
4174860	London Borough Tower Hamlets	9237	06/07/2016	74,841.00	74,841.00	25	74,841.00			
4175159	London Borough Tower Hamlets	9237	11/07/2016	26,274.25	26,274.25	20	26,274.25			
	London Borough Tower Hamlets Total			101,115.25	101,115.25		101,115.25	0.00	0.00	0.00
4170506	London Borough of Waltham Forest	39794	06/05/2016	349.60	349.60	86			349.60	
4171800	London Borough of Waltham Forest	39794	25/05/2016	56,035.76	56,035.76	67			56,035.76	
4174875	London Borough of Waltham Forest	39794	06/07/2016	336.00	336.00	25	336.00			
4174877	London Borough of Waltham Forest	39794	06/07/2016	336.00	336.00	25	336.00			
4175162	London Borough of Waltham Forest	39794	11/07/2016	2,918.00	2,918.00	20	2,918.00			
	London Borough of Waltham Forest Total			59,975.36	59,975.36		3,590.00	0.00	56,385.36	0.00
4175085	London Borough of Wandsworth	93501	11/07/2016	336.00	336.00	20	336.00			
4175825	London Borough of Wandsworth	93501	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	London Borough of Wandsworth Total			1,836.00	1,836.00		1,836.00	0.00	0.00	0.00
4170939	City of Westminster	65194	11/05/2016	26,117.00	26,117.00	81			26,117.00	
4171454	City of Westminster	65194	19/05/2016	111,893.00	34,511.00	73			34,511.00	
4172430	City of Westminster	65194	06/06/2016	10,599.00	10,599.00	55		10,599.00		
4172975	City of Westminster	65194	13/06/2016	700.00	700.00	48		700.00		
4174864	City of Westminster	65194	06/07/2016	61,473.00	61,473.00	25	61,473.00			
4175206	City of Westminster	65194	11/07/2016	21,511.00	21,511.00	20	21,511.00			
4175636	City of Westminster	65194	18/07/2016	529.80	529.80	13	529.80			
4175826	City of Westminster	65194	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	City of Westminster Total			234,322.80	156,940.80		85,013.80	11,299.00	60,628.00	0.00
4175660	Greater London Authority	402282	18/07/2016	599.70	599.70	13	599.70			
	Greater London Authority Total			599.70	599.70		599.70	0.00	0.00	0.00
4175828	Transport For London	382905	20/07/2016	1,500.00	1,500.00	11	1,500.00			
	Transport For London Total			1,500.00	1,500.00		1,500.00	0.00	0.00	0.00
	Grand Total			4,141,417.63	4,064,035.63		2,239,167.04	123,380.55	527,998.76	1,173,489.28

Appendix B - Outstanding Other Debts at 31 July 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4117848	Creative Innovation	576747	17/03/2014	3,204.39	550.00	867
2013/14 debts				3,204.39	550.00	
4124370	Mosaada Centre for Single Women	575711	25/06/2014	1,517.93	1,517.93	767
4129152	Community Business Enfield	577767	10/09/2014	6,249.82	6,249.82	690
4137218	British Parking Association	286343	21/01/2015	92,570.40	92,570.40	557
4137221	British Parking Association	286343	21/01/2015	82,130.40	82,130.40	557
4140378	Kimbanguist Association of London	583505	16/03/2015	6,009.50	6,009.50	503
4140779	British Parking Association	286343	20/03/2015	97,774.91	9,125.60	499
4140782	British Parking Association	286343	20/03/2015	107,163.78	9,125.60	499
4140784	British Parking Association	286343	20/03/2015	103,113.84	9,125.60	499
2014/15 debts				496,530.58	215,854.85	
4158510	Cross Wave Ltd	585644	18/11/2015	6,250.00	6,250.00	256
4158512	Ardent Foundation	585622	18/11/2015	6,250.00	6,250.00	256
4158514	Forte Creations Limited	585621	18/11/2015	6,250.00	6,250.00	256
4163054	Calder Conferences Ltd	575018	25/01/2016	613.80	613.80	188
4165432	UK Power Networks	582388	24/02/2016	539.40	539.40	158
4167783	Shared Services Connected Limited	586572	29/03/2016	39,247.20	39,247.20	124
2015/16 debts				59,150.40	59,150.40	
4170682	Royal Free London NHS Foundation Trust	576299	09/05/2016	864.00	864.00	83
4171195	Groupement des Autorites	587021	16/05/2016	157.50	7.00	76
4171201	London LGPS CIV Limited	586302	16/05/2016	250.00	250.00	76
2016/17 debts over 60 days				1,271.50	1,121.00	
4172480	Xantura Limited	573216	06/06/2016	49,896.00	49,896.00	55
4173023	Oadby & Wigston Borough Council	587175	13/06/2016	2,265.75	2,265.75	48
4173060	Barking Abbey School	587062	13/06/2016	420.00	420.00	48
4173936	Sitra	405831	22/06/2016	150.00	150.00	39
4174001	St. Mungo's Community Housing Association	587263	23/06/2016	150.00	150.00	38
4174351	Environment Agency	275477	29/06/2016	225.00	225.00	32
2016/17 debts between 30 - 60 days				53,106.75	53,106.75	
4174690	Poplar Harca	430662	04/07/2016	816.00	816.00	27
4174702	European Parking Association (EPA)	564969	04/07/2016	185.04	4.64	27
4175166	Cambridge Education Association Ltd	503650	11/07/2016	672.00	672.00	20
4175627	London ADASS	584888	18/07/2016	36,338.40	36,338.40	13
4175633	Peter Bedford Housing Association	405619	18/07/2016	240.00	240.00	13
4175638	First4skills Limited	576680	18/07/2016	233.40	233.40	13
4175641	South East Employer's Organisation	467145	18/07/2016	481.20	481.20	13
4175643	Islington & Shoreditch Ha Ltd	405381	18/07/2016	150.00	150.00	13
4175653	Association for Public Service Excellence (LG)	577189	18/07/2016	1,500.00	1,500.00	13
4175654	Oxleas NHS Foundation Trust	576267	18/07/2016	27.00	27.00	13
4175657	Poplar Harca	430662	18/07/2016	240.00	240.00	13
4175859	East Midlands Councils	586280	20/07/2016	136.50	136.50	11
4176044	London LGPS CIV Limited	586448	25/07/2016	38,677.63	38,677.63	6
4176052	London LGPS CIV Limited	586448	25/07/2016	49,216.81	49,216.81	6
4176063	Poplar Harca	430662	25/07/2016	216.00	216.00	6
4176093	Commission For Local Admin In England	404642	25/07/2016	150.00	150.00	6
4176169	Office for National Statistics	482263	27/07/2016	456.00	456.00	4
4176189	Agilisys Ltd	577354	27/07/2016	6,000.00	6,000.00	4
4176195	Swanlea School	421262	27/07/2016	336.00	336.00	4
4176212	Brunswick Organic Nursery and Craft Workshop	587483	27/07/2016	540.00	540.00	4
4176215	Kier Group PLC	481513	27/07/2016	150.00	150.00	4
2016/17 debts 30 days or less				136,761.98	136,581.58	
Total other debts at 31 July 2016				750,025.60	466,364.58	