Appendix B

LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2016

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

Contents

REVIEW OF THE YEAR

Introduction

London Councils Transport and Environment Committee (TEC) was formed on 1 April 2000 and first met on 20 June 2000. The responsibilities of TEC are as follows:

In the field of accessible transport, TEC is responsible for:

- negotiating and operating London's concessionary fares scheme for older and disabled people (Freedom Pass), giving free travel on London's TfL run services, such as Tube, bus and tram and most train services;
- operating the London Taxicard scheme, which provides subsidised taxi and private hire travel for people with mobility problems or who are severely visually impaired; and
- providing general, London-wide policies on accessible transport.

In the field of traffic and parking services, TEC brings together a number of functions, including:

- a statutory responsibility to set decriminalised traffic and parking penalties and other additional parking charges within London;
- a statutory responsibility to operate the Environment and Traffic Adjudicators (ETA) through London Tribunals (formerly PATAS), which allows individuals to appeal to an independent adjudicator over decriminalised environment, traffic and parking penalties and, under contract to the Greater London Authority (GLA), to provide the same service for the Road User Charging Adjudicators (RUCA);
- the operation of the Towing, Removal and Clamping Enforcement (TRACE) service, which provides 24 hour information on the recovery of towed-away vehicles;
- electronic link services between the London local authorities and the Traffic Enforcement Centre for the registration of traffic and parking enforcement debts;
- the operation of the Health Emergency Badge scheme, giving front line medical staff parking privileges when attending emergencies;
- general co-ordination of traffic and parking regulations and enforcement policies including the publication and maintenance of London-wide Codes of Practice;
- provision of advice and information on traffic and parking regulation and enforcement;
- operation and enforcement of the London Lorry Control Scheme, which controls use of residential roads by Heavy Goods Vehicles at night-time and weekends; and
- statutory responsibility under London Local Authorities Acts 2004 and 2007 for setting the level of a number of fixed penalties for some environmental, highways and public realm offences.

TEC also aims to ensure that London boroughs' concerns and best practice are taken fully into account in the development and implementation of the whole range of transport and environment policies – in particular those developed by Government departments and the Mayor of London. It deals with a wide array of policy issues including those relating to rail, tube, buses, roads, walking and cycling, waste management, climate change, local environmental quality, energy and fuel poverty, air quality and flood risk management. London Councils' Leaders' Committee and its Executive consider transport and environment policy matters of strategic importance and the TEC Chair liaises closely with the Portfolio Holder for Infrastructure.

REVIEW OF THE YEAR (continued)

THE YEAR IN REVIEW

Mobility

The Freedom Pass provides free transport on almost all public transport in the capital to over 1.2 million older and disabled Londoners. The Freedom Pass is a much valued service for Londoners that has been run and paid for by London boroughs since 1986. In 2015/16 boroughs collectively contributed over £350 million for the Freedom Pass.

Following successful negotiations, TEC agreed:

- the Freedom Pass settlement for the 2016/17 with Transport for London (TfL) and the Association of Train Operating Companies (ATOC);
- the apportionment of 2016/17 Freedom Pass costs to boroughs; and
- the publication of the 2016/17 London Service Permit (LSP) Concessionary Scheme for Freedom Pass with local bus operators (non-TfL buses).

On behalf of TEC during 2015/16, London Councils:

- successfully completed the renewal of 805,000 Freedom Passes which expired in March 2015, achieving an 87% renewal rate and far exceeding expectations with 74% renewing via the newly developed online portal;
- completed research into the 2015 renewal project, examining the effectiveness of different and new approaches used and noting lessons learnt to be applied to future renewal projects;
- developed and introduced an online and postal application process for first time Freedom Pass applicants and managed the Post Office's withdrawal from the scheme; and
- planned and managed the renewal of 174,000 Freedom Passes expiring in March 2016, achieving an even higher online renewal rate than last year.

The Taxicard scheme continued to provide subsidised journeys in licensed taxis and private hire vehicles to its 66,000 members. The scheme is available to eligible Londoners 24 hours a day, 365 days a year, and is funded by the participating London boroughs and the Mayor of London.

On behalf of TEC during 2015/16, London Councils:

- continued work with boroughs to streamline Taxicard application procedures, to make assessments consistent by moving away from GP endorsement and standardising processes for new Taxicard applicants;
- completed consultations on a proposal to charge £10 for lost and damaged Taxicards and following TEC approval, introduced the charge from November 2015;
- reviewed the Taxicard membership database, cancelling over 12,000 Taxicards that have not been used for over two years and 3,000 cards for deceased members;
- completed research into the declining use of the Taxicard scheme; and
- worked with TfL on their Social Needs Transport Review to explore more joint working between TfL and boroughs, particularly in relation to Dial-a-Ride and Taxicard.

REVIEW OF THE YEAR (continued)

Parking and Traffic

The London Lorry Control Scheme continued to provide environmental benefits, particularly protection for residents' quality of sleep by controlling the movement of Heavy Goods Vehicles (HGVs) on residential roads at night-time and at the weekend. Improvements to administrative and enforcement processes has helped see further efficiencies in the running of the service, ensuring the scheme continues to be operated at no cost to the boroughs.

The ever increasing level of cycling and the tragic number of cyclist fatalities and injuries in London heightened concerns about cycle safety, particularly the risk of conflict with larger vehicles. London Councils continued working closely with Transport for London to reduce risks to cyclists' safety. Following the individual agreement of every single London highway authority, TEC agreed the introduction of the London Safer Lorry Scheme from September 2015, which requires the fitting of special safety equipment to all vehicles over 3.5 tonnes, at all times and on all streets in London. London Councils continues to work closely with TfL on developing a more strategic approach to managing freight in London. To help support this work, TEC agree the establishment of a new Freight Borough Officer Liaison Group in October 2015.

The TRACE service provided information on the whereabouts of towed vehicles to thousands of motorists across London. A new online facility was launched, providing instant access to those whose cars have been towed away and also to the Police who also regularly use the service before confirming cars have been stolen.

London Councils also continue to manage the issue of approximately 3,500 Health Emergency Badges, helping health practitioners find a convenient place to park when attending medical emergencies.

Further work included the publication of a Code of Practice for the erection of signs and lighting on buildings, so boroughs can adopt new legislative powers that will help reduce street clutter and costs.

London Councils also continued to lead the Sharing Skilled Transport Staff initiative, helping to ensure better use of limited skilled resources across London.

In December 2015, TEC agreed the annual apportionment of traffic signal and control equipment maintenance costs to boroughs.

London Tribunals

London Tribunals continued to provide administrative support to the Environment and Traffic Adjudicators (ETA) who are appointed by TEC to deal with appeals against parking, moving traffic, bus lanes, littering, waste receptacles and lorry control enforcement and the Road User Charging Adjudicators (RUCA) who consider Congestion Charging and Low Emission Zone appeals. The service administered around 60,000 appeals during the year.

It has been an extremely busy year for the tribunal services. As a result of the lease for the former premises at Angel Square in Islington coming to an end, the appeals services moved to Chancery Exchange, Furnival Street, near Chancery Lane. The move took place in the first week of July 2015 and coincided with the contract transition from CAPITA to Northgate Public Services for the provision of back office and IT services. The transition included the introduction of entirely new IT systems, the facility to make on-line appeals for the first time and on-line case management for boroughs. The opportunity was also taken to rebrand from the Parking and Traffic Appeals Service to London Tribunals.

REVIEW OF THE YEAR (continued)

Parking on Private Land Appeals (POPLA) Service

In October 2015 the contract with the British Parking Association for the POPLA service ended, following a competitive tender exercise which resulted in the contract being awarded to the Ombudsman Service based in Warrington. London Councils had provided the POPLA service since its launch in October 2012, offering an independent appeals service in respect of parking charge notices issued to vehicles parked on private land in England and Wales.

The London European Partnership for Transport (LEPT)

The London European Partnership for Transport (LEPT) helps boroughs access European funding for transport projects. In 2015/16 the London Councils' LEPT team completed the final stages of two three-year European projects, STARS and PTP Cycle. These projects aim to increase the amount of cycling by school children and in residential areas. PTP-Cycle has helped introduce Personalised Travel Planning (PTP) programmes across two wards in Haringey and Greenwich covering 10,000 households supporting the boroughs' wider smarter travel activities. The STARS project saw Hackney take even greater steps towards increasing sustainable school travel in the borough; one example is the Cycle Challenge, where pupils in nine EU cities compete to cycle the most.

LEPT has also led a comprehensive set of briefing activities to London borough officers on the new EU funding programmes, through workshops, one to ones and presentations at sub regional partnership meetings. LEPT led on one bid and was a partner for another for the latest round of the Horizon 2020 funding programme. Despite achieving good scores, both bids were unfortunately unsuccessful.

Transport and Environment Policy

The Committee considered and progressed a range of significant policy issues for the boroughs, including:

- supporting extension, expansion and improvements to rail, tube and tram services in London, including planning for the introduction of the 24 hour tube and the impacts on the night bus service this entails;

- continuing to support proposals for Crossrail 2;

- supporting the devolution of London's commuter rail routes to TfL for operation;

- encouraging walking and cycling, including support for the Quietways network of cycle routes, which are predominantly on boroughs roads;

- promoting road safety, especially for vulnerable road users;

- continuing TEC's representation on the Thames Regional Flood and Coastal Committee (Thames RFCC) and supporting the Thames RFCC's plans for its six year programme of investment;

- working in partnership with the Thames RFCC and Environment Agency to deliver additional officer capacity for boroughs to access capital funding for flood defence work in their role as Lead Local Flood Authorities;

- working with LWARB and Resource London on ways to improve waste collections from flats, tackle fly tipping and exploring Circular Economy principles and their applications;

- participating in the Mayor's Green Infrastructure Taskforce which has sought to create a more strategic approach to parks and green spaces in the capital, and promote the uptake of green infrastructure such as green walls and roofs;

REVIEW OF THE YEAR (continued)

- improving energy efficiency through the RE:NEW programme;
- secured £13 million capital funding together with TfL and the GLA to promote the uptake of low emission vehicles through investment in electric charging infrastructure and Neighbourhoods of the Future schemes;
- continue to work with TfL on a possible extension of the Ultra Low Emission Zone or Low Emission Zone to improve air quality in London;
- worked with GLA colleagues on the proposals for the Mayor's London Local Air Quality Management system;
- consulted and set FPN levels for urinating in public, noise in public, feeding birds in public spaces;
- consulted and set PCN levels for Builders Skips;
- published a comprehensive table on FPN and PCN levels in London on London Councils Website;
- produced the report 'Living on the Edge', highlighting the problems caused by continuing rises in travel costs on conjunction with and on top of rising living costs in London; and
- Established an officer working group with TfL colleagues to work through the LIP funding arrangements in the coming years.

It responded to consultations and submitted evidence to Committees, including:

Air quality

- Defra's draft Air Quality Plan.
- The Mayor of London's proposals for Local Air Quality Management.
- The House of Commons Environment, Food and Rural Affairs Committee Inquiry on responsibilities for air quality.
- Updated ULEZ proposals for taxis and PHVs

Buses
- TfL consultation on night bus services, following the introduction of the night tube.

Crossrail 2
- Crossrail 2 Growth Commission consultation.
- TfL consultation on Crossrail 2.

Cycling
- Department for Transport consultation on its draft Cycling and Walking Investment Strategy.

Energy and climate change
- The House of Commons' Environment and Climate Change Committee call for evidence on priorities.
- London Assembly Environment Committee investigation on solar power.

Local environmental quality
- Defra consultation on waste crime enforcement powers.

REVIEW OF THE YEAR (continued)

Rail transport
- London Assembly Transport Committee investigation into rail devolution.
- Department for Transport and Mayor of London consultation on the Rail Prospectus for devolution of rail franchising.

River transport
- Port of London consultation on the Thames Vision 2035: goals and priority actions.

Transport
- London Assembly Transport Committee call for views on scrutiny priorities for the 2016-2020 Mayoral administration.

Road transport
- House of Commons Transport Select Committee Inquiry into road traffic law enforcement.
- TfL consultation on review of private hire vehicles regulations.

Waste
- House of Commons Environmental Audit Committee call for evidence on Treasury policy and recycling targets.

The Committee engaged with key stakeholders, including:

- the Mayor and Deputy Mayor for Transport throughout the year including at Leader's Congress and through joint lobbying to government on behalf of London on a range of policy areas;
- the London Assembly Transport and Environment Committees;
- TfL throughout the year on key issues for London local government, including through regular scheduled meetings between the TfL Commissioner and TEC leads;
- Thames RFCC and the Environment Agency on the six year programme of flood defences and alleviation schemes benefitting London; and
- Government departments throughout the year including DfT, Defra, DECC and DCLG. including the chair attending a high level round table with Lord Ahmad, Parliamentary Under Secretary of State for Transport, about strategic transport infrastructure in London

TEC oversaw the production of a wide range of member briefings across the full range of transport and environment policy TEC covers.

Looking forward to 2016/17

Next year will see a number of significant challenges.

The 2016 Freedom Pass renewal will be completed and the programme of service improvements will continue, including the ability for pass holders to create online accounts and renew lost, damaged and stolen passes online for the first time.

The Freedom Pass annual settlements with TfL and other bus operators will be negotiated and a new settlement arrangement with ATOC will need to be agreed as the current one ends in March 2017.

REVIEW OF THE YEAR (continued)

A retender process will be started for the Freedom Pass contracted support for call centre, data management, application processing and card production services.

A new contract for the provision of electronic data management and data transfer services for the London Lorry Control Scheme will also start later this year.

An updated parking code of practice and a revised Civil Enforcement Officer Handbook will be published.

Work will continue with TfL on their Social Needs Transport Review to develop and consult on more joint working between TfL and boroughs, particularly in relation to Dial-a-Ride and Taxicard.

London Councils will continue to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators (ETA) and Road User Charging Adjudicators (RUCA), including the implementation of new systems and processes to enable fully electronic transfer of appeals evidence and correspondence with enforcement authorities.

Officers will also prepare and submit a tender for the retention of the RUCA contract with the GLA, as the current contract comes to an end in December this year.

The Transport and Environment Policy team is working on two main projects that have been agreed by the Leaders' Committee as part of the 2016/17 business plan:

- Strengthening local leadership for infrastructure investment; and
- Collaborating to enable boroughs to provide transport and environmental services at current or improved levels.

In addition to the policy projects, we will be working closely with TfL and GLA on the new Environment and Transport strategies as well as the London Plan. We will continue to deliver the projects and schemes associated with the Go Ultra Low City Scheme funding we have secured and air quality will remain a priority. We will respond to the new Mayor's proposals in this policy area and highlight the work boroughs are doing to tackle this locally. We will continue to work in partnership with the Thames RFCC and Environment Agency to strengthen borough capacity in flood risk management and we will support TfL with its plans for Crossrail 2 and lobby for devolution of funding mechanisms that could be used to fund this as well as other infrastructure schemes in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

Financial Information

The Director of Corporate Resources has pleasure in presenting the accounts for 2015/16. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 11)
- Movement in Reserves Statement (page 22 - 23);
- Comprehensive Income and Expenditure Statement (page 24);
- Balance Sheet (page 25);
- Cash Flow Statement (page 26); and
- Notes to the Accounts (page 27 - 53).

Revenue expenditure

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

	Budget £000	**Actual £000**	**Variation £000**
Expenditure	49,010	46,405	(2,605)
Income	(48,946)	(46,945)	2,001
Interest income and expenditure	-	241	241
Deficit/(Surplus) for the year	**64**	**(299)**	**(363)**
Transfer from/to Reserves	(64)	(731)	(667)
Surplus for the year including transfer from reserves	**-**	**(1,030)**	**(1,030)**

A surplus on revenue activities of £299,000 has been posted for 2015/16 which, after a net transfer of £731,000 from reserves has led to an overall surplus after net transfers from reserves of £1.03 million. The surplus is due to:

- **Freedom Pass non-TfL bus services (-£698,000)** - In December 2014, TEC approved a budgetary provision of £2.2 million for 2015/16 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.502 million have been received and accepted for 2015/16, which has led to an underspend of £698,000. The underspend is attributable to a number of factors:
    - a fall of 2% in the past 12 months on bus journeys across London and on most LSPs, partly due to the age eligibly increase;
    - one of the LSP operators ceased to operate in January 2015, after the 2015/16 budget had been set;
    - TGM, which used to run two routes in London, is now operating under Arriva Kent management and one of the transferred routes was withdrawn in May 2015;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Arriva the Shires lost one the most expensive routes (797) to Unibus, which now runs the route a shorter distance and the average fare is lower than it used to be with Arriva; and

- A review of the postcodes of the stops in London determined that for three operators (Arriva the Shires, Abellio and Metrobus), a few stops on routes fell outside of the London area and as result, the length of journeys included in claims reduced significantly;

- **Lorry Control Administration/PCN income (-£416,000)** - The administration of the London Lorry Control Scheme overspent the budget of £542,000 by £59,000. This is attributable to bailiff fees of £37,000, registering debt at the County Court of £10,000, additional contract payments of £5,000, plus additional central recharges of £7,000 following the cessation of the POPLA contract. However, there was a significant overachievement in the collection of PCN income of £475,000 above the budgetary provision of £550,000, due to continued effective performance of the outsourced enforcement function meaning that transaction volumes continue to increase, leading to higher levels of debt actually being raised and collected. In addition, the continued functionality of the Adaptis computer management system allows outstanding debt to be registered at the Court more quickly. Of the £1.025 million income due for the year, £136,000 has yet to be collected and has been registered with the County Court. A bad debt provision of £108,000 has been established in respect of this outstanding amount, in accordance with usual accounting practice. This is a reduction of £180,000 on the bad debt provision of £288,000 as at 31 March 2015, so the net surplus income increases to £596,000 for the year.;

- **Net Freedom Pass survey and issue costs (-£257,000)** - The budget for the pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Provisional total expenditure for 2015/16 is £1,623,773, which includes £193,000 expenditure of residual 2015 pass issue work. Excluding the 2015 issue work, total spend is £87,227 less than the budgetary provision of £1.518 million. In addition, a sum of £670,473 was collected during 2015/16 in respect of replacement Freedom Passes, £170,473 in excess of the £500,000 budgetary provision. In net terms, therefore, there was a surplus of £257,700;

- **Net position on parking appeals (+£225,000)** - The number of appeals and statutory declarations heard during the year was 42,846 against a budget of 69,434, generating income of £1.341 million, £978,000 less than the budget estimate of £2.319 million. However, this is offset by a significant reduction in adjudicator, contractor and administration costs of £753,000. The throughput of appeals was 2.43 appeals per hour, compared to a budget figure of 3.03 and an actual figure of 3.28 appeals per hour for 2014/15. This trend is attributable to the fact that services were interrupted during the year by the move of the appeals hearing centre from Angel Square to Chancery Exchange and the change of parking managed services provider from Capita to Northgate, which involved the introduction of an entirely new IT system;

- **London Tribunals Administration (+£165,000)** - After excluding the unit administration cost of the appeals, the hearing centre overspent its budget of £2.653 million by £165,000. The sum includes a one-off payment of £52,000 in relation to change management costs, leaving an underlying overspend of £113,000, primarily attributable to ETA operations. Salaries overspent by £75,000, premises costs overspent by £118,000, primarily due to having to take on the lease for Chancery Exchange for the whole of 2015/16, instead of for 10 months, as originally budgeted for. Additional central recharges of £96,000 were incurred, following the cessation of the POPLA contract. These additional costs have been offset by savings on the fixed costs associated with the new Northgate contract of £65,000 and £112,000 on general office running costs; and

- Residual variances of -£49,000.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Budget for 2016/17

On 10 December 2015, the full TEC Committee approved a total expenditure budget for 2016/17 of £44.846 million, exclusive of the borough payment of £333.94 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources were estimated to be £44.846 million.

The Committee has arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Director of Corporate Resources has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Committee at 31 March 2016 and of its income and expenditure for the year ending 31 March 2016.

F Smith CPFA 22 September 2016
Director of Corporate Resources

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 22 September 2016, the statement of accounts were approved on behalf of the Committee.

Cllr Roger Ramsey 22 September 2016
Chair of London Councils' Audit Committee

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Identifying and communicating the Committee's vision of its purpose** – The Committee produces an annual Corporate Business Plan which sets out the organisation's priorities for the year. This is informed by on-going liaison with key borough stakeholders and specifically by a programme of meetings between the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings and events such as the London Councils' Summit.

- **Reviewing the Committee's vision** - The Committee produces an Annual Review at the end of each financial year. The review provides a summary of the key activities over the last year and highlights the key achievements.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Measuring the quality of services** - Data collected during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.

- **Defining and documenting roles and responsibilities –** The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegation in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 2 June 2015. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.

- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.

- **Reviewing the effectiveness of the Committee's decision-making framework -** The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 2 June 2015. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 2 June 2015. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.

- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and updated in 2011/12 and approved by the Audit Committee in March 2012. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2015. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed. An internal audit review of London Councils risk management arrangements was carried out during 2015/16. The review established that an effective risk management framework is in place and recommended that a formal review of the framework should be carried out every three years.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy which was last updated in November 2013 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014. Both were reviewed in February 2016 and are available on London Councils' intranet and website.

- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.

- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.

- **Discharge of the monitoring officer function –** • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee[1]. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough.

- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all Committee officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.

- **Audit Committee –** London Councils' Audit Committee has its own comprehensive Terms of Reference. The Terms of Reference were reviewed by the Audit Committee on 24 September 2010. On 19 March 2015, the Audit Committee considered a revision to its Terms of Reference to include the responsibility to make a recommendation to Leaders' Committee on the appointment, reappointment and removal of the external auditor. The Audit Committee meets three times a year and is chaired by a leading member from a borough who can be a member of the Executive. The members of the Audit Committee will normally, but not necessarily, be members of London Councils Leaders' Committee and with the exception of its chair, are not members of the Executive.

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.

[1] *London Councils is a joint committee of the authorities participating in the arrangements and constituted under sections 101 and 102 of the Local Government Act 1972 and section 9EB and 20 of the Local Government Act 2000, as relevant*

ANNUAL GOVERNANCE STATEMENT (continued)

- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.

- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to training in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.

- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its vision and strategies. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.

- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.

- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

Review of effectiveness

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

ANNUAL GOVERNANCE STATEMENT (continued)

- The work of Internal Audit, undertaken by the City of London under a service level agreement, and the annual opinion of the Head of Audit & Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards. An internal audit review of governance arrangements was carried out during 2012/13 with the outcome reported to the Audit Committee in March 2013.

- The Audit Committee's review of the governance arrangements in place during 2015/16.

- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2016/17

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2016/17:

ICT Strategy, Security & Operational Control

A review of the Committee's ICT strategy, security and operational control was undertaken during 2013/14. The review revealed that whilst an adequate control framework was in place, there were a number of areas that required improved controls. Management has already taking action to address a number of the issues that were raised but there are still improvements to be made in areas such as system security and infrastructure during 2016/17.

A separate review to establish and evaluate the adequacy of the updated ICT strategy was undertaken in 2015/16. It identified areas for improvement in respect of disaster recovery testing, documentation of disk storage thresholds and verification of third party compliance. These improvements will be carried out during 2016/17.

Inventory

A review of the Committee's key finance controls was carried out during 2015/16. The objective of the review was to ascertain and evaluate the adequacy of controls in relation to income and expenditure. The review revealed that there was a sound control environment in place with risks to system objectives reasonably managed. However, it also revealed that the information held on the inventory list for furniture and equipment was not fully compliant with the requirements of London Councils' financial regulations. An exercise to update the inventory list will be completed during 2016/17.

Risk Management and Business Continuity

An internal audit review of risk management and business continuity was undertaken in 2015/16. The review revealed that there was an adequate control framework in place but there were areas of improvement in relation to the frequency of reviews of the risk management framework, the reporting of the results of business continuity tests and the contents of the Business Continuity Plan. These improvements will be carried out during 2016/17.

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

There are no significant governance issues.

John O'Brien
Chief Executive

22 September 2016

Cllr Claire Kober OBE
Chair of London Councils

22 September 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (THE "COMMITTEE")

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (THE "COMMITTEE") (continued)

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (THE "COMMITTEE") (continued)

(To be provided by KPMG)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015	**3,535**	**-**	**3,535**	**(7,826)**	**(4,291)**
Surplus on the provision of services	299	-	299	-	299
Other Comprehensive Income and Expenditure (note 10)	-	-	-	1,406	1,406
Total Comprehensive Income and Expenditure	**299**	**-**	**299**	**1,406**	**1,705**
Adjustments between accounting basis and funding basis under regulations (note 6)	435	-	435	(435)	-
Net Decrease before Transfers to Earmarked Reserves	**734**	**-**	**734**	**971**	**1,705**
Transfers from/to earmarked reserves (note 7)	(1,000)	1,000	-	-	-
(Decrease)/Increase in 2015/16	**(266)**	**1,000**	**734**	**971**	**1,705**
Balance at 31 March 2016	**3,269**	**1,000**	**4,269**	**(6,855)**	**(2,586)**

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2014	**1,886**	**1,800**	**3,686**	**(4,754)**	**(1,068)**
Deficit on the provision of services	(484)	-	(484)	-	(484)
Other Comprehensive Income and Expenditure (note 10)	-	-	-	(2,739)	(2,739)
Total Comprehensive Income and Expenditure	**(484)**	**-**	**(484)**	**(2,739)**	**(3,223)**
Adjustments between accounting basis and funding basis under regulations (note 6)	333	-	333	(333)	-
Net Decrease before Transfers to Earmarked Reserves	**(151)**	**-**	**(151)**	**(3,072)**	**(3,223)**
Transfers from/to earmarked reserves (note 7)	1,800	(1,800)	-	-	-
Increase/Decrease in 2014/15	**1,649**	**(1,800)**	**(151)**	**(3,072)**	**(3,223)**
Balance at 31 March 2015	**3,535**	**-**	**3,535**	**(7,826)**	**(4,291)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	Note	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services							
Direct Revenue Expenditure:							
Payments to operators	8a	33,837	(35,910)	(2,073)	33,826	(35,355)	(1,529)
Managed service contract	8b	2,206	(2,206)	-	3,144	(3,144)	-
Parking adjudication	8c	1,306	(1,306)	-	1,400	(1,524)	(124)
Payments to Northampton County Court	8d	2,680	(2,680)	-	2,451	(2,451)	-
Reimbursement of parking penalty notices to boroughs	8e	3	(3)	-	14	(14)	-
Concessionary fares reissue	8f	1,614	(1,226)	388	2,475	(1,942)	533
One off Payment to Boroughs		-	-	-	170	-	170
		41,646	**(43,331)**	**(1,685)**	**43,480**	**(44,430)**	**(950)**
Other Operating Expenditure							
Staff costs		2,964	(2,251)	713	2,946	(2,312)	634
Premises		836	(635)	201	833	(654)	179
Central Support Services		882	(670)	212	1,999	(1,568)	431
Consultancy		77	(58)	19	52	(41)	11
		4,759	**(3,614)**	**1,145**	**5,830**	**(4,575)**	**1,255**
Net Revenue Cost of Services		**46,405**	**(46,945)**	**(540)**	**49,310**	**(49,005)**	**305**
Financing and investment income and expenditure	9			241			179
(Surplus)/Deficit on Provision of Services				**(299)**			**484**
Actuarial (gain)/loss on pension assets and liabilities	10			(1,406)			2,739
Other Comprehensive Income and Expenditure				**(1,406)**			**2,739**
Total Comprehensive Income and Expenditure				**(1,705)**			**3,223**

BALANCE SHEET AS AT 31 MARCH 2016

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

	Notes	31 March 2016 £000	31 March 2015 £000
Property, Plant and Equipment	11	927	172
Long Term Assets		**927**	**172**
Short Term Debtors	12	3,774	3,285
Cash and Cash Equivalents	13	3,542	4,730
Current Assets		**7,316**	**8,015**
Short Term Creditors	15	(4,006)	(4,686)
Current liabilities		**(4,006)**	**(4,686)**
Other Long Term Liabilities	10	(6,823)	(7,792)
Long Term Liabilities		**(6,823)**	**(7,792)**
Net Liabilities		**(2,586)**	**(4,291)**
Usable Reserves	16	4,269	3,535
Unusable Reserves	17	(6,855)	(7,826)
Total Reserves		**(2,586)**	**(4,291)**

The notes on pages 27 to 53 form part of the accounts.

F Smith CPFA 22 September 2016
Director of Corporate Resources

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	2015/16 £000	2014/15 £000
Net (deficit)/surplus on the provision of services	299	(484)
Adjustments to net (deficit)/surplus on the provision of services for non-cash movements	(715)	(546)
Adjustments for items included in the net (deficit)/surplus on the provision of services that are investing and financing activities	(11)	(39)
Net cash flows from Operating Activities (note 18)	**(427)**	**(1,069)**
Investing Activities (note 19)	(761)	(133)
Net (decrease)/increase in cash and cash equivalents	**(1,188)**	**(1,202)**
Cash and cash equivalents at 1 April	**4,730**	**5,932**
Cash and cash equivalents at 31 March	**3,542**	**4,730**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

a General Principles

The Statement of Accounts summarises the Committee's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decision about providing resources to it;

- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;

- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;

- The accrual basis of accounting;

- The following underlying assumptions;

  - Going concern basis.

- The following qualitative characteristics:

  - Relevance;
  - Materiality; and
  - Faithful representation.

- The following enhancing qualitative characteristics:

  - Comparability;
  - Verifiability;
  - Timeliness; and
  - Understandability.

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

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

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

1. Accounting Policies (continued)

e Contingent Liabilities

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

f Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

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

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.

- Liabilities are discounted to their value at current prices using, a discount rate of 3.8% (2014/15: 3.4%).

- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:

    - Quoted securities – current bid price;
    - Unquoted securities – professional estimate;
    - Unutilised securities – current bid price; and
    - Property – market value.

- The change in the net pensions liability is analysed into six components:

    - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

    - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;

    - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;

    - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and

    - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

1. Accounting Policies (continued)

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

h Financial Instruments

Financial Liabilities

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

Currently the Committee has no borrowings.

Financial Assets

Financial Assets are receivables that have fixed or determinable payments but are not quoted in an active market. The assets are initially measured at fair value, and subsequently measured at their amortised cost.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

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

j Intangible Assets

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

k Interest Income

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

l Leases

Finance leases

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

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

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

Operating leases

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

m Overheads

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

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

n Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

- Leasehold Improvements – the lower of 10 years or the remaining period left on the lease;
- Furniture and Equipment:
    - Furniture and Fittings – 5 years;
    - Computer Hardware – 3 years.

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1. Accounting Policies (continued)

o Reserves

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

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

p Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) has introduced changes in accounting policies which will be required from 1 April 2016. If these had been adopted for the financial year 2015/16 there would be no material changes to the Committee's accounts as detailed below.

IAS19 Employee Benefits – There has been a narrow scope amendment to this standard which applies to contributions from employees or third parties to defined benefit pension plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. It clarifies the requirements on the way contributions that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. This amendment will not have a material impact on the Committee's accounts.

IFRS11 Joint Arrangements – There have been an amendments to this standard to require an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS3 (Business Combinations) and other relevant accounting standards, except for those principles that conflict with the guidance in IFRS11. The amendment also requires disclosure of the information required by IFRS3 and other relevant accounting standards. The amendments apply to both an initial acquisition and an additional acquisition of an interest in joint operations. These amendments will not have a material impact on the Committee's accounts.

IAS16 Property, Plant and Equipment and IAS38 Intangible Assets – There have been amendments to these standards to clarify that a depreciation or amortisation method based on revenue generated by an activity that includes the use of an asset is unacceptable under the standards. This amendment will not have an impact on the Committee's accounts as its assets are depreciated/amortised on a straight line bais over their economic life.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

2. Accounting Standards that have been Issued but not yet adopted (continued)

Transport Infrastructure Assets – A change to the Code for 2016/17 will require transport infrastructure assets to be disaggregated from infrastructure asset category within Property, Plant and Equipment. The introduction of this change will have no impact on the Committee's accounts as it does not own any infrastructure assets.

In addition to items above, there are some planned improvements to existing standards that are not expected to have a material impact on the accounts.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Committee's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £390,000 However, the assumptions interact in complex ways. During 2015/16, Barnett Waddingham LLP advised that the net pensions liability had decreased by £1.666 million as a result of a change in financial assumptions.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (continued)

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Committee will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £13,000 for every year that useful lives had to be reduced.

Bad Debt Provision

At 31 March 2016, the Committee had a balance of accounts receivable debtors of £1.421 million. This amount excludes debts registered at the County Court. A review of these balances resulted in a calculation of a bad debt provision, based on the age and nature of the debts, of £101,000. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate the provision will have to be increased accordingly.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 22 September 2016. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Committee to meet future capital and revenue expenditure.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

6. Adjustments between Accounting Basis and Funding Basis Under Regulations (continued)

Adjustments for the year ended 31 March 2016:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 17)	437	(437)
Adjustments primarily involving the Accumulated Absences Reserve:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (note 17)	(2)	2
Total Adjustments	**435**	**(435)**

Adjustments for the year ended 31 March 2015:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 17)	341	(341)
Adjustments primarily involving the Accumulated Absences Reserve:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (note 17)	(8)	8
Total Adjustments	**333**	**(333)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

7. Transfers (from)/to Specific Reserves

Transfers to and from the Specific Reserves during the year ended 31 March 2016.

	Balance at 1 April 2015 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2016 £000
2020 Freedom Pass Re-issue Reserve	-	-	1,000	1,000
Total	**-**	**-**	**1,000**	**1,000**

Transfers to and from the Specific Reserves during the year ended 31 March 2015.

	Balance at 1 April 2014 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2015 £000
2015 Freedom Pass Re-issue Reserve	1,800	(2,200)	400	-
Total	**1,800**	**(2,200)**	**400**	**-**

The 2015 and 2020 Freedom Pass Re-issue Reserves were established by the Committee on 15 December 2011 and 11 December 2014 respectively, to accumulate funds to meet the cost of the Freedom Pass reissue exercises.

8. Direct Revenue Expenditure

Due to the unique nature of the Committee's activities, a brief description of some of the main headings contained in the Comprehensive Income and Expenditure Statement are detailed below:

a. Payments to Operators - amounts paid to transport operators under the Concessionary Fare and Taxicard agreements.
b. Managed Service Contract - payments to Capita Secure Information Systems for the provision of the parking facilities management services in 2015/16.
c. Parking Adjudication - direct cost of the Parking and Traffic Appeals Service, Congestion Charging Appeals Service and Parking on Private Lands Appeals including payments to adjudicators and assessors, adjudicators training and purchase of instructional materials.
d. Payments to Northampton County Court - payments made to the court for the registration of the debt of persistent evaders of the payment of parking penalties. The £7 unit charge is recharged direct to the boroughs.
e. Reimbursement of parking penalty notices to boroughs - reimbursements to boroughs in respect of parking penalties.
f. Concessionary fares reissue - income and expenditure in connection with the Concessionary Fare re-issue.

9. Financing and Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest and Investment Income	(11)	(39)
Net Loss on Pension Scheme Assets/Liabilities (see note 10)	252	218
Total	**241**	**179**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

10. Pensions

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013. The scheme is contracted out of the State Second Pension and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

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

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

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2013, the employers' contribution towards the Future Service Rate was set at 12% of pensionable pay for the period 1 April 2014 to 31 March 2017. In addition, there were annual employers' contributions to past service adjustments set at:

Year	**Employers Contribution £000**
2014/15	66
2015/16	69
2016/17	72

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

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

10. Pensions (continued)

- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2013 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2013 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2016 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

Financial Assumptions

The financial assumptions as at 31 March 2016:

Assumptions as at:	**31 March 2016 (% per annum)**	**31 March 2015 (% per annum)**
RPI increases	3.4%	3.3%
CPI increases	2.5%	2.5%
Salary increases	4.3%	4.3%
Pension increases	2.5%	2.5%
Discount rate	3.8%	3.4%

These assumptions are set with reference to market conditions at 31 March 2016.

Our estimate of the duration of the Employer's liabilities is 21 years.

The discount rate is the annualised yield at the 21 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

10. Pensions (continued)

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 21 year point on the BoE spot inflation curve. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. below RPI i.e. 2.5% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

Salaries are then assumed to increase at 1.8% p.a. above CPI in addition to a promotional scale.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the funding valuation as at 31 March 2013 have been adopted. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

	31 March 2016	31 March 2015
Retiring today:		
Males	22.4	22.3
Females	25.4	25.3
Retiring in 20 years:		
Males	24.8	24.7
Females	27.7	27.6

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2016:

	At 31 March 2016		At 31 March 2015	
	£000	%	£000	%
Equities	5,664	46%	5,471	43%
LDI/Cashflow matching	1,236	10%	946	8%
Target return portfolio	2,594	21%	3,645	29%
Infrastructure	668	5%	625	5%
Commodities	55	0%	117	1%
Property	435	4%	357	3%
Cash	1,542	13%	1,448	11%
	12,194	**100%**	**12,609**	**100%**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

10. Pensions (continued)

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code. Under the Liability Driven Investment (LDI), RPI swaps are used to hedge 25% of the Funds cashflow liability against inflation.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2016 is as follows:

	At 31 March 2016 £000	**At 31 March 2015 £000**
Fair value of employer assets	12,194	12,609
Present value of scheme liabilities	(18,995)	(20,378)
fNet Liability	**(6,801)**	**(7,769)**
Present value of unfunded liabilities	(22)	(23)
Net Liability in Balance Sheet	**(6,823)**	**(7,792)**

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2016 is as follows:

	At 31 March 2016 £000	**At 31 March 2015 £000**
Service cost	434	358
Net interest on the defined liability	252	218
Administration expenses	18	18
Total	**704**	**594**

The reconciliation of the Defined Benefit Obligation at 31 March 2016 is as follows:

	At 31 March 2016 £000	**At 31 March 2015 £000**
Opening Defined Benefit Obligation	**(20,401)**	**(15,943)**
Current service cost	(434)	(358)
Interest cost	(669)	(750)
Change in financial assumptions	1,666	(2,756)
Estimated benefits paid net of transfers	292	376
Contributions by scheme participants	(132)	(134)
Unfunded pension payments	1	2
Adjustment arising from apportionment of pension liability	660	(838)
Closing Defined Benefit Obligation	**(19,017)**	**(20,401)**

10. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2016 is as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Opening Fair Value of Employer's Assets	**12,609**	**11,231**
Interest on assets	417	532
Return on assets less interest	(511)	263
Administration expenses	(18)	(18)
Contributions by employer	268	253
Contributions by scheme participants	132	134
Estimated benefits paid plus unfunded net of transfers in	(294)	(378)
Adjustment arising from apportionment of pension liability	(409)	592
Closing Fair Value of Employer's Assets	**12,194**	**12,609**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	18,627	19,017	19,413
Projected service cost	376	385	393
Adjustment to Long-term Salary Increases	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	19,060	19,017	18,972
Projected service cost	385	385	384
Adjustment to Pension Increases and Deferred Revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	19,374	19,017	18,666
Projected service cost	393	385	376
Adjustment to Mortality Age Rating Assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	19,561	19,017	18,487
Projected service cost	394	385	375

10. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2016 is as follows:

	At 31 March 2016 £000	At 31 March 2015 £000
Return on plan assets in excess of interest	(511)	263
Change in financial assumptions	1,666	(2,756)
Adjustment arising from apportionment of pension liability	251	(246)
Re-measurements	**1,406**	**(2,739)**

The projections for the year to 31 March 2017 is as follows:

	31 March 2017 £000
Service cost	385
Net interest on the defined liability	255
Administration expenses	18
Total	**658**
Employers contribution	260

11. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2015	**122**	**901**	**1,023**
Additions	17	755	772
Disposals	(122)	(729)	(851)
At 31 March 2016	**17**	**927**	**944**
Accumulated Depreciation			
At 1 April 2015	**122**	**729**	**851**
Charge for the year	-	17	17
Charge relating to Disposals	(122)	(729)	(851)
At 31 March 2016	**-**	**17**	**17**
Net Book Value			
At 31 March 2016	**17**	**910**	**927**
At 31 March 2015	**-**	**172**	**172**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

11. Property, Plant and Equipment (continued)

Comparative movements in 2014/15:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2014	**122**	**729**	**851**
Additions	-	172	172
Disposals	-	-	-
At 31 March 2015	**122**	**901**	**1,023**
Accumulated Depreciation			
At 1 April 2014	**122**	**608**	**730**
Charge for the year	-	121	121
Charge relating to Disposals	-	-	-
At 31 March 2015	**122**	**729**	**851**
Net Book Value			
At 31 March 2015	**-**	**172**	**172**
At 31 March 2014	**-**	**121**	**121**

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

12. Short Term Debtors

	31 March 2015 £000	31 March 2015 £000
Central government bodies	548	670
Other local authorities	2,244	2,014
Public corporations and trading funds	642	-
Other entities and individuals	340	601
Total	**3,774**	**3,285**

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.244 million (2014/15: £2.014 million), payments in advance of £192,000 (2014/15: £40,000), a bad debt provision of £210,000 (2014/15: £289,000) and other debtors of £1.548 million (2014/15: £1.52 million).

13. Cash and Cash Equivalents

	31 March 2016 £000	31 March 2015 £000
Cash held by the Committee	65	3,063
Cash balances held by the City of London	3,477	1,667
Total	**3,542**	**4,730**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

14. Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £357,000 (2014/15: £323,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2016 £000	31 March 2015 £000
Not later than one year	260	349
Later than one year and not later than five years	1,041	1,041
Later than five years	1,039	1,299
Total	**2,340**	**2,689**

15. Short Term Creditors

	31 March 2016 £000	31 March 2015 £000
Central government bodies	(1)	-
Other local authorities	(1,820)	(2,257)
Public corporations and trading funds	(479)	(466)
Other entities and individuals	(1,706)	(1,963)
Total	**(4,006)**	**(4,686)**

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £1.14 million (2014/15: £1.56 million), receipts in advance of £115,000 (2014/15: £131,000), accruals of £2.748 million (2014/15: £2.991 million) and other creditors of £3,000 (2014/15: £4,000).

16. Usable Reserves

	31 March 2016 £000	31 March 2015 £000
General Reserve	3,269	3,535
2020 Freedom Pass Re-issue Reserve	1,000	-
Total	**4,269**	**3,535**

17. Unusable Reserves

	31 March 2016 £000	31 March 2015 £000
Pensions Reserve	(6,823)	(7,792)
Accumulated Absences Reserve	(32)	(34)
Total	**(6,855)**	**(7,826)**

17. Unusable Reserves (continued)

Pensions Reserve

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

	2015/16		2014/15	
	£000	**£000**	**£000**	**£000**
Balance at 1 April		**(7,792)**		**(4,712)**
Actuarial gains or losses on pension assets and liabilities		1,406		(2,739)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(706)		(596)	
Employer's pensions contribution and direct payments to pensioners payable in the year	269		255	
		(437)		(341)
Balance at 31 March		**(6,823)**		**(7,792)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

17. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2015/16		**2014/15**	
	£000	**£000**	**£000**	**£000**
Balance at 1 April		(34)		(42)
Settlement or cancellation of accrual made at the end of the preceding year	34		42	
Amounts accrued at the end of the current year	(32)		(34)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		2		8
Balance at 31 March		**(32)**		**(34)**

18. Cash Flow Statement – Operating Activities

	2015/16		**2014/15**	
	£000	**£000**	**£000**	**£000**
(Deficit)/Surplus on Provision of Services		**299**		**(484)**
Adjusted for:				
Current Service Cost Adjustment	185		123	
Depreciation	17		121	
Net return on Pension Scheme Assets/Liabilities	252		218	
(Increase)/Decrease in Debtors	(489)		409	
Decrease in Creditors	(680)		(1,417)	
Adjustments for non-cash movements		**(715)**		**(546)**
Interest and Investment Income	(11)		(39)	
Adjustments for investing and financing activities		**(11)**		**(39)**
Net cash flows from Operating Activities		**(427)**		**(1,069)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

19. Cash Flow Statement – Investing Activities

	2015/16 £000	2014/15 £000
Interest and Investment Income	11	39
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(772)	(172)
Total	**(761)**	**(133)**

20. Members' Allowances

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

	2015/16 £000	2014/15 £000
Members' Allowances	18	14

21. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2015/16 £000	2014/15 £000
£50,000 - £54,999	1	4
£55,000 - £59,999	3	-
£60,000 - £64,999	2	2
£65,000 - £69,999	1	3
£70,000 - £74,999	-	2
£75,000 - £79,999	1	-
£80,000 - £84,999	2	2
£85,000 - £89,999	2	-
£90,000 - £94,999	-	1
£95,000 - £99,999	1	1
£100,000 - £104,999	1	-
£105,000 - £109,999	1	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

21. Officers' Remuneration (continued)

Post Holder		**2015/16**			**2014/15**	
	Salary	**Pension**	**Total Remuneration**	**Salary**	**Pension**	**Total Remuneration**
	£	**£**	**£**	**£**	**£**	**£**
Corporate Director – Policy and Public Affairs	30,735	3,688	34,423	30,735	3,688	34,423
Corporate Director – Services	61,470	7,376	68,846	61,470	7,376	68,846
Director – Corporate Governance	4,969	596	5,565	4,896	586	5,482
Total	**97,174**	**11,660**	**108,834**	**97,101**	**11,650**	**108,751**

The salaries of the senior officers disclosed above are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Transport and Environment Committee are as follows:

- Corporate Director – Policy and Public Affairs – 25% (2013/14: 25%)
- Corporate Director – Services – 50% (2013/14: 50%)
- Director – Corporate Governance – 5% (2013/14: 5%)

	2015/16	**2014/15**
	£	**£**
Remuneration of highest paid Director	122,940	122,940
Remuneration of median member of staff	33,051	33,051
Multiple between the median member of staff and the highest paid director	3.72	3.72

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

22. Termination Benefits

There were termination payments of £52,000 included in the Comprehensive Income and Expenditure Statement for 2015/16 (2014/15: NIL).

23. External Audit Costs

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

	2015/16 £000	2014/15 £000
Fees payable in respect of the audit of the Statement of Accounts:		
• Fees payable to PricewaterhouseCoopers LLP	-	31
• Rebate received from Audit Commission	-	(3)
• Fees payable to KPMG LLP	25	-
Fees payable in respect of other services provided by PricewaterhouseCoopers LLP during the year	23	49
	48	**77**

24. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2015/16 was £33.612 million (2014/15: £33.624 million). The total value of expenditure paid to member boroughs during 2015/16, including the one-off payment from reserves, was £5,000 (2014/15: £177,000). On 31 March 2016, the value of debtor balances owed by member boroughs amounted to £2.244 million (2014/15: £2.014 million) and the value of creditor balances owed to member boroughs (including receipts in advance) amounted to £1.209 million (2014/15: £1.657 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2015/16 was £10.076 million (2014/15: £10.061 million). The total value of expenditure on charges and reimbursement of Penalty Charge Notices during 2015/16 was £21,000 (2014/15: £19,000). On 31 March 2016, the value of debtor balances owed by TfL amounted to £140,000 (2014/15: NIL) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £390,000 (2014/15: £366,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

24. Related Parties (continued)

Central Government

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2015/16 amounted to £2.681 million (2014/15:£2.452 million). On 31 March 2016, the value of debtor balances owed by central government bodies amounted to £548,000 million (2014/15: £670,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £34,000 (2014/15: Nil).

British Parking Association

London Councils has a contract to run the Parking on Private Lands Appeals (POPLA) service which is funded by the British Parking Association (BPA). London Councils Director of Corporate Services was a Director of the British Parking Association. The Director of Corporate Services received no remuneration for his appointment with the BPA. The appointment ceased in July 2014. The total value of income received from the BPA for running the POPLA service and room hire charges during 2015/16 was £499,000 (2014/15: £918,000). The total value of expenditure paid to the BPA for subscriptions and other charges during 2015/16 was £860 (2014/15: £840). On 31 March 2016, the value of debtor balances owed by the BPA amounted to £317,000 (2014/15: £367,000).

Greater London Authority

A member of London Councils' Transport and Environment Committee was also a member of the Greater London Assembly. The total value of income received from the GLA for the operation of the Road User Charging Appeals service and other charges during 2015/16 was £783,000 (2014/15: £741,000). On 31 March 2015, the value of debtor balances owed by the GLA amounted to £413,000 (2014/15: £Nil) and the value of creditor balances owed to the GLA (including receipts in advance) amounted to £89,000 (2014/15: £100,000).

London Councils Limited

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £611,000 (2014/15: £600,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2016, the value of creditor balances owed to the group company was £611,000 (2014/15: £600,000).

25. Concessionary Fares

These accounts do not include the amount of £327.922 million (2014/15: £321.596 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

26. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils from 1 April 2000. A copy of the consolidated accounts for 2015/16 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

27. Segmental Reporting

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

Historical Cost
This is the cost deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

Reserves
Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

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

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

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

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

GLOSSARY (continued)

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

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

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