

Leaders' Committee

6 December 2016 – 12:00 noon (or on the rise of a previous meeting)

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

Refreshments will be provided

London Councils offices are wheelchair accessible

Labour Group: Room 2 and 3 10:00

Political Adviser: 07977 401955)

Conservative Group: Room 5 10:00

(Political Adviser: 07903 492195)

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Lunch will be provided in Room 3 for members after the meeting

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- GLEF – 29 June 2016
- Audit Committee – 22 September 2016
- TEC – 13 October 2016
- YPES – 10 November 2016

***Declarations of Interests**

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

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

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

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

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

Leaders' Committee will be invited by the Chair to agree to the removal of the press and public since the following items of business are closed to the public pursuant to Part 5 and Schedule 12A of the Local Government Act 1972 (as amended):

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information), it being considered that the public interest in maintaining the exemption outweighs the public interest in disclosing it.

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London Councils

Minutes of the London Councils Leaders' Committee held on 11 October 2016
Cllr Claire Kober chaired the meeting

Present:

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

Cllr Darren Rodwell
Cllr Richard Cornelius
Cllr Teresa O'Neill OBE
Cllr M. A. Butt
Cllr Stephen Carr
Cllr Sarah Hayward
Cllr Tony Newman
Cllr Julian Bell
Cllr Bambos Charalambous
Cllr Denise Hyland
Mayor Philip Glanville
-
Cllr Claire Kober
Cllr Sachin Shah
Cllr Roger Ramsey
Cllr David Simmonds CBE
Cllr Steve Curran
Cllr Richard Watts
Cllr Nicholas Paget-Brown
Cllr Terry Paton
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Martin Whelton
Cllr Ken Clarke
Cllr Jas Athwal
Cllr Lord True
Cllr Peter John OBE
Cllr Ruth Dombey OBE
Mayor John Biggs
Cllr Clyde Loakes
Cllr Ravi Govindia
Cllr Baroness Couttie
Mr Edward Lord JP OBE CC¹
-

Apologies:

ENFIELD
HAMMERSMITH & FULHAM
HILLINGDON
KINGSTON
MERTON
NEWHAM
WALTHAM FOREST
CITY OF LONDON
GRANTS

Cllr Doug Taylor
Cllr Stephen Cowan
Cllr Ray Puddifoot MBE
Cllr Kevin Davis
Cllr Stephen Alambritis
Mayor Sir Robin Wales
Cllr Chris Robbins
Mr Mark Boleat/Ms Catherine McGuinness
Cllr Paul McGlone

¹ Also Capital Ambition

Officers of London Councils were in attendance:

The Chair opened the meeting by congratulating:

- Cllr Baroness Couttie (Conservative, Westminster) on her appointment to the House of Lords. The Chair reported that, on appointment, Cllr Baroness Couttie had resigned from London Councils Executive.
- Cllr Ruth Dombey OBE (Liberal Democrat, Sutton) on the receipt of her OBE and
- Mayor Philip Glanville (Labour, Hackney) on his election to that role.

1. Apologies for absence and announcement of deputies

The apologies and deputies listed above were noted.

2. Declarations of interest

No interests were declared.

3. Minutes of Leaders' Committee meeting held on 12 July 2016

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 12 July 2016.

4. Election of Deputy Chair and Membership of London Councils Executive

The Chair asked for nominations to the position of Deputy Chair, a vacancy created when she had been elected Chair.

She nominated Cllr Peter John OBE (Labour, Southwark), seconded by Cllr Teresa O'Neill OBE (Conservative, Bexley) and in the absence of any other nominations Cllr John was elected Deputy Chair

The Chair asked for the Party Groups to put forward names to fill the two places on the Executive created by the resignations of Mayor Jules Pipe and Cllr Baroness Couttie.

Cllr Darren Rodwell (Labour, Barking and Dagenham) and Cllr Kevin Davis (Conservative, Kingston) were put forward by the party Groups and appointed by Leaders' Committee as members of the Executive.

The Executive portfolios were agreed as follows:

xxx

5. Local Government Finance update: Business Rates Devolution, London Finance Commission & Autumn Statement 2016

The Interim Director: Finance, Performance & Procurement introduced the report saying:

- London's proposals, as set out in the fourteen "asks", sought to address two fundamental issues with the current system:
 - the negative impact of business rates appeals, which currently impeded growth and made funding unstable and
 - the premise that revaluations should be to a fixed yield nationally.
- Under London Councils' proposals London's business rates would be de-coupled from the rest of the country, to prevent economic growth in the capital artificially constraining business rates growth across the rest of the country
- This approach would not only help London manage its future sustainable economic growth, and the financial sustainability of its local public services, but would benefit local government in the country as a whole.
- London's response to the Government consultation was in line with the broad principles agreed by the London Finance Commission which had been reconvened.

In response to a question from Cllr Stephen Carr (Conservative, Bromley) about Attendance Allowance the Interim Director: Finance, Performance & Procurement confirmed that local government was unanimously of the view that it should not be one of the additional responsibilities that should transfer under Business rate devolution.

Cllr David Simmonds CBE (Conservative, Hillingdon) asked how the differential picture for Business Rates across London – with some boroughs obtaining a lot from it and others less – would be captured. He went on to raise the question of the Schools National Funding Formula and the potential consequences for boroughs of changes there. Under the existing system there were pressures on the High Needs Block of funding, which had resulted in a boroughs topping up funding rates to meet demand. With demand showing no signs of

easing, and local government due to retain one hundred per cent of Business Rates, there may be a risk that business rates funding could be seen as a way to meet the High Needs Block funding shortfall. The Interim Director: Finance, Performance & Procurement confirmed that London Councils would resist the moves described by Cllr Simmonds.

In response to a question from Cllr Richard Cornelius (Conservative, Barnet) on what needed to be done to protect individual and minority borough interests in a new system, the Interim Director: Finance, Performance & Procurement replied that the change would be easier to manage as a two-stage process over the next two years with the allocation to London identified first and then the distribution within London.

Leaders' Committee agreed to note the report.

6. Police and Crime Plan: 2017-20

Cllr Lib Peck (Labour, Crime and Public Protection, Lambeth) introduced the report saying:

- She had had a number of useful discussions with Ms Sophie Linden, the new Deputy Mayor for Policing and Crime, discussions with which Cllr Cornelius and the Chair had also been closely involved
- It was hoped that Ms Linden would be able to attend Leaders' Committee in December to answer any questions about the Plan, which was organised around the following themes:
 - Neighbourhood policing
 - Keeping children and young people safe
 - Tackling violence against women and girls
 - Criminal justice system that works for London
 - Standing together against hate, extremism and terror in all its forms.
- There were parallel proposals by the MPS to pilot a new way of delivering services, operating across two or three boroughs (known as the One Met Model)
- In relation to the pilots for the One Met Model, the importance of securing full borough support had been emphasised, building on principles that had been agreed earlier with London Councils
- A set of principles was being developed with the MPS:
 - Testing needs to be a partnership and not imposed on local authorities

- The pilots will be reversible
- The governance of the tests would be joint, to ensure transparency.
- MOPAC were also consulting on changing their £18m pa programme of funding for borough crime prevention projects.
 - Their starting point was a welcome retention of the overall scale of the budget for the period starting from April 2017– but with changes to the allocation formula - and a proposed 30% top-slice to allow a pan-London fund for innovative work including devolution and reform initiatives.
 - Cllr Peck still needed to be convinced about the added value that a top-slice would bring, weighed against the potential loss of valuable local provision.
 - It would be important to continue the conversation with the Deputy Mayor to seek transparency about the proposed new fund.

Leaders' Committee agreed to note the report.

7. Annual Audit Report – 2015/16

Cllr Roger Ramsey (Conservative, Audit Committee, Havering) introduced the report saying that a smooth transition had been achieved when KPMG had taken over from PWC as London Councils' auditors and had issued an unqualified report which he could recommend to Leaders' Committee.

Leaders' Committee agreed to note the contents of the Annual Audit Report for 2015/16 attached as an appendix to the report.

8. Report of decision taken under Urgency Procedure

Leaders' Committee agreed to note the decision taken under Urgency Procedure.

9. Minutes and summaries

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

- TEC Committee – 16 June 2016
- Audit Committee – 22 June 2016
- Capital Ambition Board – 11 July 2016
- Grants Committee AGM – 13 July 2016

- YPES – 14 July 2016
- TEC Exec Sub Committee – 21 July 2016
- Executive – 13 September 2016.

Leaders' Committee agreed to remove the press and public.

The meeting ended at 12:10.

Leaders' Committee

Police and Crime Plan

Item No 4

Report by: Doug Flight **Job title:** Head of Strategic Policy

Date: 6 December 2016

Contact Officer: Doug Flight

Telephone: 020 7934 9805 **Email:** doug.flight@londoncouncils.gov.uk

Summary: The Deputy Mayor for Policing and Crime, Sophie Linden, will be attending Leaders' Committee.

She will be accompanied by the MPS Assistant Commissioner for Territorial Policing, Martin Hewitt.

They will brief Leaders' Committee on the 2017-2020 Police and Crime Plan for London and MPS's 'OneMet' plans for reforming operational policing.

This report provides background information on the plan and related issues.

Recommendations: Leaders' Committee is asked to:

1. Consider the issues set out in the report, as a basis for discussion with the Deputy Mayor and the Assistant Commissioner for Territorial Policing.

Police and Crime Plan

- 1 Deputy Mayor for Policing and Crime, Sophie Linden, and Assistant Commissioner for Territorial Policing, Martin Hewitt will be attending Leaders Committee to give a presentation on the 2017-2020 Police and Crime Plan for London and MPS's 'OneMet' plans for reforming operational policing.
- 2 A draft Police and Crime plan is expected to be published at the beginning of December; this will also mark the beginning of a formal public consultation period. The final Police and Crime Plan will be published in March 2017.

Background

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

The Emerging Police and Crime Plan

- 5 Whilst not published at the time of writing this report, the draft Police and Crime plan is expected to be launched along with a public consultation period at the beginning of December.
- 6 In advance of publication, London Councils' has facilitated borough engagement with the Deputy Mayor on the Policing and Crime Plan at member, chief executive and practitioner level.
- 7 As reported to Leaders' Committee in October 2016, the Deputy Mayor has indicated that the plan is likely to focus on the following key themes:
 - a. neighbourhood and local policing.
 - b. keeping children and young people safe.
 - c. tackling violence against women and girls.

- d. tackling violent extremism, terrorism and hate crime.
- e. ensuring an effective Criminal Justice System (which may extend to seeking devolution and reform in relation to youth justice and community rehabilitation).

8 Underpinning themes are expected to include:

- a. vulnerability
- b. meeting the needs of victims
- c. social integration and tackling inequalities, with an aspiration that '*the **place** that you live in, the **communities** you belong to and the **individual** that you are should not disproportionately impact your exposure to crime*'

9 The Deputy Mayor's approach to delivering the plan is understood to encompass both:

- a. **universal services**, providing a common level of service to all; and
- b. **targeted services** tailored to address the specific needs and vulnerabilities of the various individuals, communities and locations in London that are disproportionately affected by crime.

10 The Plan is understood to include a fresh approach to performance monitoring which could allow potential flexibility that might reflect varying local crime priorities, underpinned by key pan-London priorities.

Borough Crime Prevention Funding

11. Cllr Lib Peck briefed the October meeting of Leaders' Committee on discussions with the Deputy Mayor for Policing and Crime on options for extending MOPAC's programme of funding for borough crime prevention projects. At this stage, the Deputy Mayor was positive about the case for continuing the programme beyond March 2017 and was giving consideration to:

- Revisiting the existing allocations to ensure that the programme would be able to take account of any significant changes in need, or demand, over recent years.
- Potentially introducing a top-sliced fund to promote more innovative projects, with commissioning potentially operating across boroughs or at a pan-London level.

12. London Councils' members on the London Crime Reduction Board raised the following points in early discussions with the Deputy Mayor:

- Members welcomed the Deputy Mayor's in-principle support for continuation of the programme of crime prevention funding at a broadly similar overall level.
- Members sought assurances that more work and consultation will be undertaken, before any top-slicing is introduced. Members argued for the current allocations to be maintained for 2017/18, pending agreement on a new model.
- Members highlighted the importance of ensuring the continuity of valuable local projects through the period of change.
- Members emphasised the need to support and extend innovative projects that have emerged at a local level, rather than simply to commission work at a pan-London level.

13. Cllr Lib Peck subsequently wrote to the Deputy Mayor on 11 October, suggesting that Leaders still needed to be fully convinced of the added value that a proposed 30% top-slice (*to be implemented from the second year of the programme*) might bring, weighed against the potential loss of valuable local provision. Cllr Peck went on to suggest a process for broadening the conversation, with the aim of considering a more detailed proposal at the end of November, to allow an update to be taken to Leaders' Committee on 6 December 2016. Cllr Peck subsequently wrote out to Leaders on 14 October, inviting views to help shape any co-commissioning proposals and hence help ensure that they might support, rather than threaten, valuable local provision. In summary, the responses from Leaders:

- Welcomed the Deputy Mayor's in-principle support for continuation of the programme of crime prevention funding at a broadly similar overall level.
- Either argued against the imposition of a top-slice on the grounds of the significant cumulative impact on local provision (when combined with the other distributional changes, some boroughs stand to lose of the order of 50% of their current funding).
- Or argued for a more modest top-slice of the order of the order of 10%, for what remains an unproven co-commissioning concept.
- Boroughs were largely unconvinced of the value that might be added through direct commissioning by MOPAC.

- Gang related services were best commissioned locally , since gang violence dynamics in each borough are distinct.
- Boroughs were keen for greater transparency and full consultation on proposed distributional changes.

Were the Deputy Mayor minded to go ahead with a top-slice, Leaders were minded to make a number of suggestions for its use, including:

- Services that reduce vulnerability and victimisation of the type which most boroughs currently contract, e.g. Independent Domestic Violence Advocates.
- Specialist services for vulnerable victims such as the provision of Independent Sexual Violence Advisors to work with young people exposed to Child Sexual Exploitation or Victim Support Service to support victims of anti-social behaviour.
- Other suggestions included support for boroughs who do not receive Home Office funds to address Counter Terrorism issues and the provision of a targeted schools awareness programme looking at both gang awareness and Child Sexual Exploitation

14. MOPAC officials have also engaged with the CELC Policing Group, which met on 23 November 2016. Chief Executives echoed the views of Leaders in relation to the proposed top-slice and were keen to minimise turbulence that might threaten valuable local projects. Chief Executives sought further information on the proposed distributional changes, to allow discussion and consultation to take place.

15. The Deputy Mayor formally wrote to Leaders and Chief Executives on 11 November outlining the formal decision that had been taken on the future of the London Crime Prevention Fund, as follows:

- a. 'The continuation at the same level of the LCPF budget for four years from 2017/18 to 2020/21 with no decreases to current borough funding allocations in the first year of the fund.*
- b. In year 1 direct funding allocated to borough remains the same or increases.*
- c. An uplift has been provided in the first year of the fund to those boroughs which were previously allocated less than their share of the LCPF budget according to an assessment of current levels of need and demand. This is in*

- order to support a gradual transition to the redistribution of the direct borough funding according to need and demand. For the following three years of the fund (2018/19 – 2020/21), the direct borough funding budget will be distributed according to a calculation of local levels of need and demand.*
- d. The LCPF budget is apportioned between direct borough funding (70%) and funding for co-commissioned services (30%) starting in year 2 of the fund, from 2018/19 to 2020/21. Boroughs will be core partners in the development of the criteria of the new co-commissioning funding pot and will be significant beneficiaries of the fund.*
 - e. Direct funding to boroughs is committed for 2 years to allow for flexibility in terms of spend over a 24 month period.'*

16. Cllr Lib Peck has drawn the Deputy Mayor's attention to the points made in the 11 October letter about the process of consultation before any final decision was taken and the feedback from borough Leaders in relation to the use of any top-slice that was implemented. Further discussions were due to take place before Leaders' Committee.

Operational Policing

17. London Councils' engagement with the process of developing the Police and Crime Plan has been complemented by long term engagement with the Metropolitan Police Service, which included a series of meetings over the last two years between the senior London Councils' members and the MPS Management Board. This has, in turn, been supported by engagement that London Councils has facilitated between borough chief executives and senior MPS Officers. These discussions have encompassed consideration of MPS proposals around potential changes to the local policing model and bringing together services to focus on vulnerability.
18. The continuing dialogue with London Councils and borough chief executives led to "Headline Principles" being developed to capture a shared understanding around:
 - a. Consultation with and engagement with boroughs during the change process.
 - b. Maintaining a visible and effective senior-level interface with each borough.
 - c. Building an improved interface at borough level to allow collaboration in relation to safeguarding and vulnerability.
 - d. Visible neighbourhood policing.

- e. Contribution to leadership of place and responsiveness to local circumstances;
- f. Continuity in post of Commanders (at Basic Command Unit level) and influence over their appointment.

19. The MPS is in discussions with central and east London boroughs in relation to trialling elements of the operational model which the MPS is developing to strengthen local policing, which is known as 'One Met Model 2020'. The trials are expected to involve the testing of a model for key aspects of policing, including emergency response, investigation and vulnerability that operate across borough boundaries. The proposals also include measures to align resources to meet savings targets and to target resources on priority areas.

20. The OneMet model includes the decentralisation of a range of services to hubs which will operate closer to borough level. New approaches to protecting vulnerable people and protecting young people are also proposed. The following principles have been proposed for any tests:

- Testing needs to be a partnership and not imposed on local authorities.
- The tests are intended to build the evidence base to support the proposals. At the conclusion, the Mayor would take a view as to whether to support implementation across London.
- The pilots will be reversible.
- The governance of the tests would be joint, to ensure transparency in decision making, evaluation and all aspects of governance of the tests.
- The tests will be evaluated both in relation to service delivery for the overall BCU and for individual boroughs engaged in the test. Evaluation criteria would be agreed with the local authorities engaged in the tests.

21. Cllr Peck discussed the MPS's plans for the potential reconfiguration of local policing in London directly with Assistant Commissioner Martin Hewitt in early November. The following points were discussed:

- a. The important stakeholder relationship responsibilities of senior police officers at Basic Command Unit level (which the MPS want to operate over a

two or three borough footprint), particularly in relationship to neighbourhood policing.

- b. The MPS's desire to move to a neighbourhood policing lead for all the boroughs within each BCU in the new configuration. In the discussion Cllr Peck promoted the idea that each borough should have a senior officer of Superintendent-level, whose whole-time job would be oversight of Neighbourhood policing and relationships with their local authority and other partners.
- c. In relation to the proposed OneMet pilots and potential wider roll out of the redesigned local policing model, Cllr Peck emphasised the need for greater clarity:
 - i. The tangible benefits that the changes will bring to communities (in relation to neighbourhood policing, responses to 999 calls, and protecting vulnerable people).
 - ii. The criteria which will be used to assess the success of the pilots.
 - iii. The timetable for reviewing the pilots, learning lessons and making decisions about a wider roll out.
 - iv. The timetable for consultation with individual boroughs about the shape of the wider roll out of the change programme, including the footprint for the larger Basic Command Units which you envisage. about the benefits of the changes, as well as clarity about next steps in the process.

22. Assistant Commissioner Martin Hewitt will update Leaders' Committee on the MPS's plans and any proposals for engagement with wider groups of boroughs.

Conclusion

23. Leaders' Committee is asked to consider and note this background report which is provided with a view to supporting engagement with the Deputy Mayor for Policing and the Assistant Commissioner for Territorial Policing.

Financial implications for London Councils:

None

Legal implications for London Councils:

None

Equalities implications for London Councils:

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

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

Attachments:

None

Leaders' Committee

Autumn Statement 2016

Item 5

Report by: Paul Honeyben **Job title:** Strategic Lead: Finance, Performance & Procurement

Date: 6 December 2016

Contact Officer: Paul Honeyben

Telephone: 0207 934 9748 **Email:** paul.honeyben@londoncouncils.gov.uk

Summary This report provides an update to Leaders' Committee on the key announcements in Autumn Statement 2016 that impact on London local government. These are set out in the member briefing at Appendix A.

Recommendations Leaders' Committee is asked note and comment on the contents of the attached member briefing.

Autumn Statement 2016

Introduction

1. On 23rd November 2016, the Chancellor Philip Hammond delivered his first (and last) Autumn Statement. He announced that the Autumn Statement will be abolished from next year and the Budget moved to the autumn – setting tax and spend decisions for the financial year ahead.
2. London Councils published an On The Day Briefing on the Statement and a member briefing (appended to this report) setting out the key announcements that impact on London local government.

Recommendations

3. Leaders' Committee is asked note and comment on the contents of the attached member briefing.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendix A – Autumn Statement 2016 – Member briefing



Autumn Statement 2016

On 23rd November 2016, Chancellor Philip Hammond delivered his first Autumn Statement. In it he made a number of policy announcements including confirmation that the Autumn Statement will be abolished and the Budget will be moved to the autumn. He also provided an update on the public finances, and the overall economic outlook. This briefing sets out the key details relevant for London Local government.

Introduction

On 23rd November 2016, the new Chancellor delivered his first (and last) Autumn Statement. This is because he announced that the Autumn Statement will be abolished from next year and the Budget moved to the autumn – setting tax and spend decisions for the financial year ahead. The 2017 Budget (in March) will therefore be the last spring Budget, and there will be a further Budget in the autumn of 2017. The Government will, however, continue to respond to the OBR's economic forecasts in the spring in a "Spring Statement" from 2018.

The Autumn Statement had fewer than expected announcements relating to local government. At this stage, it is too early to confirm what the exact impact on local government will be and more detail is likely to emerge over time, however the key headlines are summarised below:

Key headlines

1. **Overall borrowing figures:** worse than forecast in March Budget by a cumulative £122 billion over 5 years.
2. **Local Government funding:** No changes to local government funding. No increase to social care funding as had been widely called for.
3. **London Devolution deal:**
 - devolution of the Adult Education Budget (subject to readiness conditions) and the Work & Health Programme were confirmed.
 - the government will "continue to work with London to explore further devolution of powers over the coming months".
4. **Business rates reliefs:**
 - the preferred option for the Transitional Relief scheme confirmed – with the cap for large businesses reduced from the planned 45% to 43% in 2017-18 (benefiting London businesses by £46 million against rates increases of around £1 billion)

- new 100% rural rate relief and 100% relief for “fibre optic infrastructure”.

5. **Housing:** £3.15 billion affordable housing funding confirmed for the GLA.

6. **Housing Infrastructure Fund:** of £2.3 billion by 2020-21, funded by the National Productivity Investment Fund (NPIF) and allocated to local government on a competitive basis.

7. **Local Growth Fund:** previously announced fund worth £1.8 billion to be allocated to LEPs (£492 million for London & South East).

8. **Reform of offpayroll working rules in the public sector (IR35):** is confirmed from April 2017 – impacting on Local authorities as employers.

Commentary

The New Chancellor’s first (and last) Autumn Statement contained comparatively little policy content overall, compared with previous years, and had relatively few surprises for London local government.

With such a change in the economic outlook since the Budget in March, and economic uncertainty set to continue for the foreseeable future, the Chancellor took the opportunity to amend the fiscal rules to give the government more wriggle room to deal with the deficit. Only a year into the four year spending review period, it is unsurprising that departmental budgets remain largely the same, and with local government core funding already agreed for the next four years (for all but a handful of local authorities that didn’t take up the four year offer), radical changes to local government funding were not likely.

It was, however, disappointing that there was no additional funding for adult social care as had been widely called for local government, the NHS and Care Quality Commission. Indeed any policy announcements relating to health and social care were conspicuous by their absence. London Councils and the sector as a whole had lobbied hard in recent months to put the case for further funding to support the growing funding gap in adult social care, calling for the Improved Better Care Fund money, which is back loaded over the Spending Review period, to be brought forward.

Despite this, there were some positive announcements relating to business rates, housing, transport and infrastructure, and broader devolution.

On business rates, no further details about devolution of business rates were revealed, however there were some minor changes to reliefs including the change in the government’s preferred option for the transitional relief scheme that will come into place in April 2017 following the revaluation. London businesses will see rates bills rise by over £1 billion, so the change to the capping threshold for transitional relief for large businesses – benefitting London businesses by £46 million in 2017-18 – while welcome, will do little to prevent the inevitable impact on London’s economy of such steep increases.

In housing, the confirmation of increased funding worth £3.15 billion to deliver over 90,000 Affordable Housing starts by 2020-21, and in London is welcome. As is the u-turn on the Pay to Stay policy, which London Councils had opposed and lobbied against. Although not confirmed, the announcement of funding for a regional pilot over 5 years suggests that the High Value Vacant Asset levy may be deferred for at least a further year. The £2.3 billion Housing Infrastructure Fund announced for local government on a competitive basis, to provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest is also welcome.

Investment in infrastructure and the need to raise productivity were key themes in the Chancellor's speech, and a new National Productivity Investment Fund (worth £23 billion over 5 years) was announced – to target areas that are critical for productivity: housing; research and development (R&D); and economic infrastructure. Although not new money, confirmation of £1.8 billion to LEPs across England through a third round of Growth Deals, including £492 million to London and the South East is also welcome.

Finally, the Autumn Statement continued the government's steady trickle of devolution to local English local government, highlighting a second devolution deal with the West Midlands Combined Authority and talks over transport funding with Greater Manchester. For London Government, there were positive announcements regarding the devolution of Adult Education Budget and the Work & Health Programme, which London Councils has been negotiating with the GLA for some months, and the government offered some further cause for optimism committing to continue "to work with London to explore further devolution of powers over the coming months".

Economic Outlook

Alongside the Autumn Statement, the independent Office for Budget Responsibility (OBR) published new forecasts for the economy and the public finances. In addition, the Chancellor announced that the Charter for Budget Responsibility will be amended in order to revise the government's three formal fiscal objectives:

- The new fiscal mandate will be "a target to reduce cyclically-adjusted public sector net borrowing to below 2% of GDP by 2020-21", replacing the previous requirement to deliver a budget surplus by the end of 2019/20. The government's objective will be to deliver a budget surplus "at the earliest possible date in the next parliament".
- The new supplementary target will be "a target for public sector net debt as a percentage of GDP to be falling in 2020-21", replacing the previous requirement for net debt as a % GDP to fall in every year of this parliament.
- The new welfare cap limits a subset of 2021/22 welfare spending at cash levels within "a predetermined cap and margin set by the Treasury at Autumn Statement 2016". This 2021/22 cap has been set at £126 billion, replacing welfare caps set previously for every year of the current parliament.

The OBR'S "central forecast shows the new targets all being met", in the context of significant uncertainty over the forecast period. The OBR assesses that the government's three existing fiscal targets "would all be missed by considerable margins".

Key Economic & Fiscal Indicators

Projected public sector net borrowing has increased by £122.1 billion since the March forecast over the relevant forecast period (2016/17 to 2020/21). Table 1 below outlines the key economic and fiscal indicators underpinning the Autumn Statement. Driven by lower income tax receipts and new policy measures, public sector net borrowing will fall more slowly than anticipated. Reflecting the relaxed fiscal mandate, the budget deficit will fall to £21.9 billion by the end of the Parliament in 2019/20, compared to a forecast surplus of £10.4 billion in the March 2016 forecast. Public sector net debt is forecast to peak at 90.2% in 2017/18 before falling each year to 81.6% in 2021/22.

Table 1 – Key Economic & Fiscal Indicators

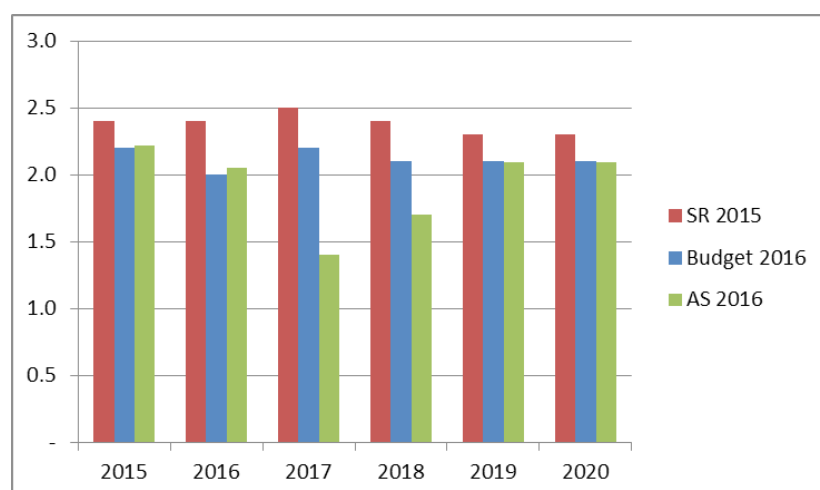
	2015	2016	2017	2018	2019	2020	2021
Gross domestic product (GDP) (%)	2.2	2.1	1.4	1.7	2.1	2.1	2.0
Public sector net borrowing (£bn)	76.0	68.2	59.0	46.5	21.9	20.7	17.2
Public sector net borrowing (deficit % of GDP)	4.0	3.5	2.9	2.2	1.0	0.9	0.7
Public sector net debt (% of GDP)	84.2	87.3	90.2	89.7	88.0	84.8	81.6
LFS unemployment (% rate)	5.4	5.0	5.2	5.5	5.4	5.4	5.4
Employment (millions)	31.3	31.7	31.8	31.9	32.0	32.2	32.3
CPI Inflation (%)	0.0	0.7	2.3	2.5	2.1	2.0	2.0

Source: HMT – Autumn Statement 2016; OBR – Economic & Fiscal Outlook, November 2016

Primarily driven by the knock-on effect on import prices from a weaker pound, the CPI measure of inflation is forecast to rise to 2.3% in 2017, higher than the 0.7% forecast in March 2016. Slower than anticipated GDP growth has led to an upwards revision of the forecast unemployment rate, which is now expected to peak at 5.5% in 2018 before levelling off at 5.4% in subsequent years.

Growth

Gross domestic product (GDP) is expected to grow by 1.4% and 1.7% in 2017 and 2018 respectively, revised downwards from forecasts of 2.2% and 2.1% in March 2016. The downwards revision has primarily been driven by a weaker outlook for investment and productivity growth. Forecast growth of 2.1% in both 2019 and 2020 remains unchanged since March. Chart 1 below shows the change in GDP forecasts since the Spending Review in November 2015.

Chart 1 – Change in GDP growth forecasts since Spending Review 2015

Source: Office for Budget Responsibility; Economic and Fiscal Outlooks

Key Announcements

Public Spending

- Overall public spending – **Total Managed Expenditure** – will be **£14.5 billion per annum higher than previously forecast in Budget 2016** by 2020-21 (see Chart 2).
- As announced at Budget 2016, the government intends to identify **£3.5 billion of efficiency savings** in 2019-20. £1 billion of these savings will be reinvested to “priority areas” (no further detail).
- Government will report on progress in autumn 2017.

Business Rates

- The preferred option for the **Transitional Relief scheme** has been confirmed – with the cap for large businesses being reduced from 45% to 42% in 2017-18 and from 50% to 32% in 2018-19 (compared with the government's original preferred option). This benefits London businesses by £46 million in 2017-18 and £33 million in 2018-19 (against aggregate increases of around £1.1 billion a year).
- **100% relief announced for new full-fibre infrastructure** for a 5 year period from 1 April 2017.
- **Rural rate relief will double to 100%** from 1 April 2017.
- Government reconfirmed the **Business tax road map** – including reducing business rates by £6.7 billion over the next 5 years (previously announced at Budget 2016).

Devolution

- There was no specific announcement relating to fiscal devolution for London, however the government did confirm it will “**continue to work with London to explore further devolution of powers over the coming months**”.
- The budget for the **Work and Health Programme will transfer to London**, and to Greater Manchester, subject to the two areas meeting certain conditions, including on co-funding.
- Affordable housing settlement - The government confirmed the **GLA's affordable housing settlement be £3.15 billion**, to deliver over 90,000 housing starts by 2020-21.
- **Devolution of the Adult Education Budget to London** from 2019-20 (subject to readiness conditions) – this is estimated to be around £400 million.
- Work continues on a second devolution deal with the West Midlands Combined Authority and talks to begin on future transport funding with Greater Manchester.

Housing

- **Local Housing Allowance (LHA) rates in social housing** – the implementation of the cap on Housing Benefit and LHA rates in the social rented sector will be delayed by 1 year, to April 2019. The cap will be applied to all supported housing tenancies from April 2019, and the government will provide additional funding to Local Authorities, so that they can meet the additional costs of supported housing in their area. For general needs housing, the cap will now apply from April 2019 for all tenants on Universal Credit, and to Housing Benefit tenants whose tenancies began or were renewed since April 2016.
- **Social rent downrating** – refuges, almshouses, Community Land Trusts and co-operatives will be exempt from the policy to reduce social sector rents by 1% a year for 4 years from 2016-17.
- **Affordable homes** – the government will relax restrictions on grant funding to allow providers to deliver a mix of homes for affordable rent and low cost ownership.
- **Housing Infrastructure Fund** – £2.3 billion by 2020-21, funded by the National Productivity Investment Fund (NPIF) – see below for full details of NPIF - and allocated to local government on a competitive basis, to provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest. The NPIF will provide an additional £1.4 billion to deliver an additional 40,000 affordable housing starts by 2020-21
- Infrastructure spending - The government will examine options to ensure that other non NPIF government transport funding better supports housing growth.
- **Accelerated construction** – the government will invest £1.7 billion by 2020-21 through the NPIF to speed up house building on public sector land in England.
- **Right to Buy** – The government will fund a regional pilot of the Right to Buy for housing association tenants enabling over 3,000 tenants to access discounts (worth £250 million over 5 years). There has been no further detail about the disposal of high value assets which is supposed to fund the wider roll out of this policy.

- **Pay to Stay** – As announced by DCLG on 21 November 2016, the government has decided not to implement Pay to Stay, but intends to ensure that social housing is occupied by those who need it most through other measures including fixed term tenancies.
- **Housing White Paper** – This is to be published “shortly”.

Transport and Infrastructure

- **National Productivity Investment Fund (NPIF)** - £23 billion from 2017-18 to 2021-22, to support high-value investment, principally four areas considered critical for productivity: transport, digital communications, R&D and housing. (A number of detailed announcements within this £23 billion fund are set out below).
- **Strategic Infrastructure** - The fiscal remit invites the National Infrastructure Commission (NIC) to set out recommendations on the assumption that spending on infrastructure will lie between 1% and 1.2% of GDP each year from 2020 to 2050.
- **Investment** - Annual central government investment in economic infrastructure (transport, energy, flood defences, water, waste, and digital communications) will increase by almost 60% from £14 billion in 2016-17 to £22 billion in 2020-21. (Includes NPIF)
- **Local roads and transport** – The NPIF will provide an additional £1.1 billion by 2020-21 in new funding to relieve congestion and deliver upgrades on local roads and public transport networks.
- **Strategic roads** - an extra £220 million will be invested to tackle key pinch-points. The government will recommit to the National Roads Fund announced at Summer Budget 2015.
- **Future transport** – The NPIF will invest a further £390 million by 2020-21 to support ultra-low emission vehicles (ULEVs), renewable fuels, and connected and autonomous vehicles (CAVs). This includes £80 million for ULEV charging infrastructure, and £150 million in support for low emission buses and taxis.
- **Rail:** From 2018-19 to 2020-21, the NPIF will allocate an additional £450 million to trial digital signalling technology, to expand capacity, and improve reliability, and “is looking forward to receiving a business case for Crossrail 2”.
- **Local Enterprise Partnerships (LEPs)** - The government will award £1.8 billion to LEPs across England through a third round of Growth Deals, including £492 million to London and the South East. Awards to individual LEPs will be announced in the coming months.
- **Infrastructure lending:** The government will also consult on lending local authorities up to £1 billion at a new local infrastructure rate of gilts + 60 basis points for three years to support infrastructure projects that are high value for money.
- **Infrastructure lending:** The government will give mayoral combined authorities powers to borrow for their new functions, which will allow them to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury.
- **Digital communications:** the government will invest over £1 billion by 2020-21, including £740 million through the NPIF, targeted at supporting the market to roll out full-fibre connections and future 5G communications.
- **Flood defence and resilience:** The government will invest £170 million in flood defence and resilience measures.

Employers

- **Insurance Premium Tax (IPT)** – The standard rate of IPT will rise to 12% from 1 June 2017. IPT is a tax on insurers and so any impact on premiums depends on insurers’ commercial decisions. This will raise around £4 billion over 5 years.
- **National living wage:** the government will **increase the National Living Wage (NLW)** by 4.2% from £7.20 to £7.50 from April 2017.
- **Off-payroll working rules:** the government has confirmed it will **reform the offpayroll working rules in the public sector from April 2017** by moving responsibility for operating them, and paying the correct tax, to the body paying the worker’s company. The 5% tax-

free allowance will be removed for those working in the public sector, reflecting the fact that workers no longer bear the administrative burden of deciding whether the rules apply.

Education and Children's Services

- **Grammar schools:** £50 million a year will be made available from 2017/18 to introduce a new **grammar school capital fund** to support the expansion of existing grammar schools.
- **Tax-free childcare:** will be introduced gradually from early 2017, with full roll-out taking place at the end of a trial period.

Welfare

- The government will deliver welfare savings already identified but **has no plans to introduce further welfare savings measures in this Parliament beyond those already announced.**
- **Welfare Cap:** To maintain control of welfare spending the government is introducing a **new medium-term welfare cap** and will apply to welfare spending in 2021-22. Performance against the cap will be formally assessed by the OBR in 2020-21. In the interim years, progress towards the cap will be managed internally, based on the OBR's monitoring of forecasts of welfare spending.
- **Universal Credit taper** – From April 2017, the taper rate that applies in Universal Credit will be reduced from 65% to 63%. The government estimates that 3 million households will benefit from this change.
- **Universal Credit roll out** – The Autumn Statement provides funding for the welfare announcement made by the Secretary of State for the Department for Work and Pensions (DWP) on 20 July 2016, which included policy changes and revisions to the Universal Credit roll out schedule.
- **Personal Independence Payment (PIP)** – The Autumn Statement accounts for the government's previously announced decision not to go ahead with changes proposed at Budget 2016 to PIP.
- **Support for refugees** – refugees and their family members will be exempted from the Past Presence Test, meaning that they will no longer have to be resident in the UK for 2 years before they can receive disability benefits.

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Links:

[Autumn Statement 2016 \(HM Treasury\)](#)

This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Local Government Finance

1. Consider and comment on the progress signalled by the announcement on London devolution made as part of Chancellor's Autumn Statement.
2. Provide guidance on shaping the next stage of London's negotiations with Government.

Devolution and Public Service Reform

Introduction

1. London Borough Leaders have driven a programme of work over the last two years in pursuit of devolution and reform of public services in London, working closely in partnership with the Mayor of London and the GLA. This led to the development of the London Proposition in summer 2015, which set out practical ideas for further devolution to London in support of public service reform.
2. This report opens with a summary of the joint devolution initiative which is being championed by the Mayor of London, following a Devolution Summit which he convened in July 2016. This paper goes on to provide an update on London government's work on devolution and reform, with a particular focus on the progress signalled by the Chancellor's Autumn Statement.
3. It goes on, briefly, to provide a platform to begin to explore London's ambitions in respect of devolution beyond the Autumn Statement and the sorts of challenges it may face. This builds on discussions at the November meeting of the Member Devolution Group, which met with the Mayor of London to consider the joint approach to Government on devolution and public service reform.

Background

4. The Mayor of London convened a meeting in July 2016 to consider further devolution for London. The purpose of the discussion was to take stock of where London had reached in its devolutionary and reform ambitions and to seek to gauge the initial views of key London Government and wider stakeholders about the level of appetite for further devolution and reform.
5. The meeting included cross-party representation by London Councils leading members, the City of London Corporation, the London business community, the London Assembly, the Mayor's Office and the co-chairs of the All Party Parliamentary Group for London, Bob Neill MP and Steve Reed MP.
6. The Summit discussed the importance of further and faster devolution to London, particularly in the context of the need to protect London's economy from the uncertainty

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

7. In the discussion, a number of key themes emerged:
 - Agreement that the work of the London Finance Commission needed to be updated to reflect the current context.
 - The Mayor would work through London Councils to ensure that boroughs were involved in the process, underpinned by an understanding that the fact that London is not a single homogenous unit.
 - Recognition of the importance of involving business representatives.
 - The importance of deepening the relationship between London and its immediate hinterland as part of the devolution agenda.
 - Recognition of the potential provided by the All Party Parliamentary Group for London.
 - The importance of building public engagement.
8. Following the Summit and meetings with Ministers, the London Finance Commission has been re-established. It has advanced fiscal devolution arguments in an interim report and will be confirming these in a final report before the end of 2016. The Chair and Vice Chair of London Councils serve on the Commission.
9. The Mayor, also, has been discussing the scope of a new London devolution initiative directly with the Chair of London Councils. In early September 2016, the Chair wrote to the Mayor setting out a framework for collaboration that would help build a sense of transparency and ownership in respect of this across London government. The London Councils Executive went on to agree the establishment of the Member Devolution Group, which met for the first time on 6 October 2016, to help steer London Councils' input to this topic. The opportunity for the Group to meet with the Mayor on this topic was regarded as mutually beneficial.
10. To support the developing work, GLA, London Councils and borough officers are working closely together, including via the Devolution and Public Service Reform Group. This was convened by London Councils and the GLA to support the development of joint work on Devolution and Public Service Reform in the Capital, including the 2015 London Proposition. The Sub Group includes representation from each of the borough groupings as well as professional and thematic leads.

11. The Mayor of London and the Chancellor agreed to a process of negotiation leading up to the Autumn Statement on 23rd November. It was subsequently confirmed that discussions would be conducted through six strands:

- I. Skills and Employment
- II. Health and Social Care
- III. Crime and Justice
- IV. Transport
- V. Housing and Planning
- VI. Fiscal Devolution

London's Proposition

12. In advance of the Autumn Statement, a package of key devolution requests was shaped within a framework that demonstrated how it contributed to protecting and growing London's economy. A briefing on the package is attached as Appendix A and the key themes are summarised below:

Skills and employment

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

Fiscal devolution

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

Transport

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

Housing and planning

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

Health

- Devolution proposals that are emerging from the Health Devolution pilots as part of the London Health and Care Devolution agreements made with the then Chancellor, last December.

Criminal Justice

- Potential devolution proposals in respect of adult and youth reoffending together with other criminal justice agencies.

Autumn Statement

13. The Autumn Statement 2016 included a focus on devolution as a response to the country's low productivity rates and the desire to increase growth across the UK. The Chancellor's speech highlighted the potential for further devolution to London. The Statement and the supporting documentation included the following points of note:

- I. The Chancellor stated that the Government will continue to work with London to explore further devolution of powers over the coming months. It is anticipated that these will build on the conversations that took place between London Councils, the Mayor and the Treasury in October.
- II. The Government will transfer to London (and to Manchester) the budget for the Work and Health Programme, subject to London meeting certain conditions, including co-funding. This programme will be launched in 2018 and will focus on supporting disabled people and people who have been out of work for over two years back in to work. London Councils is working with the sub-regional borough groupings, the Mayor and the DWP to ensure that London meets the conditions.
- III. The Government re-confirmed its commitment to devolving the adult education budget to London from 2019-20, subject to readiness conditions. This was initially announced in the Budget 2015.
- IV. As part of an award of £1.8bn to LEPs across England in a third round of Growth Deals, £495m will go to London and the South East. The amount designated to London will be announced in the coming months, and will focus on funding local infrastructure, including:
 - Transport connections
 - House building
 - Skills
 - Digital connectivity

- V. The Government confirmed the GLA's Affordable Housing Settlement. This means that the GLA will receive £3.15billion to deliver over 90,000 housing starts by 2020-21.

14. The Chancellor's commitment to continue to work with London to explore further devolution of powers over the coming months signals the start of further detailed negotiations, potentially leading to subsequent detailed agreements in the run up to Budget 2017.

Member Devolution Group

15. The London Councils Member Devolution Group met with the Mayor of London on 17th November 2016 to reflect on recent engagement with Ministers and the prospects for devolution to London. It was understood that Government was keen to continue a conversation with London on a range of devolution and reform proposals and that there was scope for further progress to be made both across and beyond the thematic areas after the Autumn Statement and in the run up to the 2017 budget and beyond.
16. In discussion, Mayor Khan emphasised the importance of continuing the partnership between City Hall and London Councils and London local government on devolution, which had found favour with Government. The Mayor and members of the Group agreed that it would be valuable to reflect on options for strengthening and further embedding joint governance of devolved areas after the Autumn Statement.
17. The following points were raised in relation to the thematic areas of the proposition:

Devolution of 16-19 Skills funding: There was some recognition that this was a difficult ask of Government and it would be necessary to build the argument from first principles in seeking to demonstrate the benefits to the recently appointed Secretary of State.

Transport: The Group supported the continued articulation of the case around suburban rail and Crossrail 2. TfL were engaged in answering a number of questions that had been asked by the Department of Transport.

Planning: It was thought that any successful devolution of powers would be predicated on demonstrating that they could support shared objectives on housing delivery.

Health: it was noted that negotiations were progressing as part of a second London Health Devolution Agreement. The Agreement would draw on learning from the pilots and decision-making processes around the health estate were likely to feature. Members of the Group emphasised the importance of securing a London Devolution Agreement as a way of unlocking some of the potential challenges around integration and estates.

Fiscal Devolution: The Group was keen to ensure that the ambitions around fiscal devolution were not lost. There would be a renewed emphasis on the London Finance Commission after the Autumn Statement, as the Commission approached its final report. It would be important to ensure that the final report made best use of the available evidence in a way that linked its work to services and functional devolution, and framed the arguments in a way that secured traction with Government.

18. The Group began a consideration of potential next steps following the Autumn Statement and concluded that it would be important to:

- Build on the Autumn Statement and move on from towards Budget 2017.
- Make the best use of the final London Finance Commission report.
- Utilise the language preferred and understood by Government in developing a narrative that reflected the emphasis on place-based industrial strategies.
- Utilise examples of London's readiness for devolutionary reform by reference to work and examples in sub-regions.
- Be clear about the end point of the devolutionary work.
- Continue to 'chip away' on more ambitious fiscal devolution asks.

Next Steps

19. Having taken stock of the Chancellor's Autumn Statement, it is likely that London government will want to look again at the Capital's devolution agenda and reflect on lessons learned during the current round of negotiations. In particular, Leaders' may wish to consider the following:

- the scope to develop an enhanced narrative for London devolution that builds on place based aspirations in individual boroughs and sub-regions, along with examples of what is already being achieved. This could also link to place based industrial strategies – which the Government is looking to pursue.
- parts of the current portfolio of propositions which were not picked up in the Autumn Statement – which of these areas might London government want to continue to actively advocate?
- the scope for expanding the current portfolio of propositions and areas where greater devolution within the existing framework of London Government should be considered;
- the way in which London should respond to challenges that come from Government as part of further discussions, including on:
 - systems of shared governance that Government is likely to set as a minimum standard for devolution;
 - managing the transference of a of risk in relation to devolved function.

Conclusion

20. The discussion under this agenda item will provide the Committee with the opportunity to:

- Consider and comment on the progress signalled by the announcement on London devolution made as part of Chancellor's Autumn Statement.
- Provide guidance on shaping the next stage of London's negotiations with Government.

Background Papers

Appendix A: Briefing on the London Proposition to Government

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

There are no direct equalities implications for London Councils as a result of this paper. However, core elements of the propositions are targeted at improving outcomes for groups of people with protected characteristics, notably improving employment outcomes for disabled people.

Appendix A : Briefing on the London Proposition to Government

A London Devolution Proposition November 2016

The Mayor of London and London Councils are seeking a new devolution deal from the Government to help London government drive economic growth and better represent the people they serve. This briefing paper sets out the case for a new London devolution deal for which we are seeking your support.

Why does London need a new devolution deal?

- London government desperately need new powers to invest a larger share of the income we generate in our economy to unlock further growth, rapidly up skill our labour force to meet current and future skills challenges, help long term unemployed Londoners get back into work; improve transport links for the growing numbers of commuters our businesses rely on; and deliver a housing policy that can boost the supply of much needed homes and that reflects the unique circumstances of London and its housing market.
- Various nationally-managed services need improvement if London is to deliver more growth. Southern rail is causing misery, and commuter lines won't cope with increased housing demands, particularly in south London. Too much surplus public sector land is being left idle. New school places greatly lag demand. Polluted air is shortening Londoners' lives. London's property taxes could hardly be more inefficient and unfair. Londoners furthest from the labour market need support and better skills to get them back into work. Londoners – both residents and businesses - want the Mayor and local authorities to fix these problems.
- The Autumn Statement on 23 November is a vital opportunity for the Government to commit to devolving further powers that we need to take on this challenge. This would provide a platform for the long-term task of supporting Government to ensure that London can meet the challenges of Brexit and growth.

London is unique and needs its own devolution deal

- **London is the powerhouse of the UK economy**
London's economy is around £370 billion per year and accounts for 22.5% of UK national income. Over the last decade London has contributed more than £12 billion each and every year (over and above what it spends) to the UK's public finances. In addition, London has accounted for 43% of all jobs growth nationally in the four years to 2014.
- **When London succeeds, so does the rest of the UK economy**
Our net exports of around £28.5bn boost the UK economy. 51% of international visits to the UK are to London, and London is the gateway to the rest of the UK, where

visitors spend £641 million. London's international orientation directly benefits the rest of the country. In addition, London imports around £405.2bn worth of goods and services from the rest of the UK. There is a strong correlation between London's growth and the rest of the UK – the reverse would be true if London's growth was at its expense.

- **London is growing faster and more than any other big city**
In 2015 it became bigger than ever before. It is now approaching a population of 9 million and is forecast to exceed 10 million in the 2030s. We need new powers to match this era of growth and London requires investment to grow, enabled by fiscal devolution. London also needs the financial resources to enable it to deliver excellent public services for a bigger city.
- **The scale of this challenge is unique to London so we need a tailored response led by London's government**
London government, given more freedoms, is best placed in key areas of policy to drive economic growth and development. Spurring growth through urgent measures to increase investment in housing, skills and infrastructure are needed. Business, big and small, trust London government – and want London government to run more of the global city they work in.
- **The problems in London are acute and substantial. In particular, the uncertainty caused by Brexit amplifies the need to do everything we can to support London's growth**
London's economy relies more on skilled migrant workers than any other city in the UK. 40% of Londoners were born outside the EU. Substantial Brexit risk to financial services with potential net job loss of 35k (or double that if related services are taken into account), according to CityUK. 81% of businesses in London feel less optimistic about the UK economy, with 75% ranking uncertainty over the UK's role in Europe as their top concern. And nearly half of London's businesses say that the result of the EU referendum will have a negative impact on their investment plans.
- **We support investment in other growth areas like the Northern Powerhouse, Midlands Engine, and smaller cities**
We recognise that investment and growth must not be seen nationally as a zero sum game, where investment in one place must be at the expense of others. If investment yields growth and there are ways of recycling that growth to finance the up-front investment, then regions and cities should support each other. Hence we are working with the rest of the south east to develop our mutual investment priorities and why we support the work of the Core Cities and the Centre for Cities in promoting growth across the UK's urban areas.
- **Investment in London's transport and housing will produce high returns for London and the Exchequer**
Evaluation of past schemes like the Jubilee Line and its extension demonstrate very high levels of benefit and benefit to cost ratios and appraisals of present and future schemes including Crossrail 1, Crossrail 2, and the Bakerloo Line Extension show high

levels of benefit and strong benefit cost ratios. New approaches to appraisal that take account of dynamic effects, over time, across the whole city system suggest potentially even higher gross benefits for these schemes - as well as for housing investment.

- **Devolution will enable London Government to reform and better integrate a range of public services**
This will put the focus on cost effective prevention rather than costly failure, help London in trying to manage the challenge of austerity and help us make London more productive
- **Finally, London does not present a threat to the integrity of the UK**
We are not aiming to be an independent country. But London is different from the rest of England and needs to be run differently. Devolution enables differences to be taken into account for London and everywhere else.

What powers do we want to see devolved?

The devolved powers we are calling for include:

- **Fiscal**
Fiscal devolution enables greater transparency, democratic accountability, growth incentives and tax reform. London businesses pay an increasing share of the county's business rates. For example, London's proposed business rate reforms show how they could be better managed to sustain growth and services in the capital, while protecting local government funding in the rest of the country. In the short term, the Chancellor should take additional measures to mitigate the impact of the 2017 revaluation, which will disproportionately affect London businesses, including many SMEs which would not be classed as "large" businesses elsewhere in the country.
- **Housing**
Housing is the single most important issue facing London. Fewer new homes are being started in London than a year ago and the Mayor is not able to begin conversations with housing providers until he is confident that funding will be available. A devolution deal that would include a share for London of the national affordable housing capital funding and some housing and planning flexibilities, including more flexibility for boroughs on the use of receipts, borrowing powers and planning fees, will help to deliver more much-needed homes.
- **Transport**
The Mayor is not accountable for the majority of rail services in south London, despite being accountable for the long-term growth and prosperity of the capital. Devolving suburban rail services to TfL will bring enormous benefits to rail passengers, giving them the standard of services they deserve and need. There is widespread public, business and cross-party support for the proposals, including from London Assembly, MPs, London Councils and local authorities outside of London (including Kent, Sussex and Hertfordshire councils). The

Mayor's business case demonstrates how TfL will protect the interests of passengers using long-distance services and safeguards have been developed to ensure no long distance service will be detrimentally affected.

- **Skills and Employment**

London needs a bespoke skills devolution deal that allows us to take a strategic, whole system, all age (post 16) approach, to reassure businesses and protect London's economy. The skills system is simply not sufficiently responsive to the needs of London's economy. Greater powers and responsibilities for London Government will deliver a system that better meets the needs of the capital's businesses and those of all Londoners. This should include a Government commitment to ring-fence London's unspent Apprenticeship Levy and replacement funding for the European Social Fund.

Last year the former Chancellor announced that funding for the Work and Health Programme would be devolved to London government. We now need to see this funding transferred to enable London boroughs to commission services according to the needs of local populations and we are seeking this commitment in the Autumn Statement.

- **Health**

The previous Mayor and London health partners signed a London Health Devolution agreement and we now need a commitment to take this forward. The new agreement should incorporate firm action on a range of health devolution propositions in relation to better management and use of departments and NHS estates, health and social care integration and prevention.

- **Criminal justice**

High levels of victim disengagement, offending and prolific reoffending cause harm and cost to the public purse. London faces unique criminal justice challenges and devolution of both budgets and responsibilities for the justice victim services would enable London Government to tackle issues such as the link between deprivation, vulnerability and an individual's involvement in crime, make better use of existing resources and result in a safer London. A commitment from the Government to work with the Mayor on developing a suitable offer that agrees a memorandum of understanding would be the first step needed to make London safer for everyone.

Leaders' Committee

The London HIV Prevention Programme (LHPP)

Item no: 7

Report by:	Rory Macfarlane	Job title:	Principal Policy Officer for Health and Adult Social Care
Date:	6 December 2016		
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Summary

The London HIV Prevention Programme (LHPP) is a unique collaborative programme across all 33 London local authorities, which enables the commissioning and delivery of a range of city-wide HIV prevention interventions.

The commissioning and funding of the LHPP was initially agreed by Leaders for a period of three years, with the current funding agreements and contracts due to expire on 31st March 2017.

This report provides an update to Leaders' Committee on the LHPP and what it has delivered so far, and seeks endorsement for the continuation of the programme.

Recommendations

Leaders are asked to:

1. Note and comment on the impact of the London HIV Prevention Programme.
2. Endorse the proposal to continue the programme for two years beyond March 2017, with a 10% reduction in borough contributions.

The London HIV Prevention Programme (LHPP)

Background

1. HIV is a key public health issue for London. Almost half of all new HIV diagnoses in England in 2014 were in London (49%, 2,671) and HIV prevalence is higher in London than anywhere else in England, with 35,363 people in London living with diagnosed HIV (60% higher than 2005). The key population groups at greatest risk of HIV infection are men who have sex with men (MSM) and black African communities.
2. London's needs for HIV prevention and sexual health promotion continue to rise, especially among key at-risk groups. There has been good progress made on reducing the prevalence of undiagnosed HIV in London, and reducing the proportion of cases diagnosed at a late stage of infection. However, there is still more to do: 37% of new diagnoses in London continue to be at a late stage of infection and it is estimated that 12% of Londoners living with HIV remain undiagnosed. Reducing late diagnoses and reducing the prevalence of undiagnosed HIV has important benefits both in terms of the health of individuals who are HIV positive and in terms of reducing the risk of onward transmission. Alongside the challenge of HIV, other STIs are on the rise among key groups in the capital, which in and of itself is an important public health issue, but is also significant because the presence of others STIs increases the risk of HIV transmission.
3. In London based on 2015 data, all boroughs now exceed the threshold for being a "high prevalence" area of 2 cases per 1,000. 18 of the 20 boroughs in the UK with the highest prevalence of HIV are in London.
4. Following the transfer of public health to local government, London boroughs undertook a comprehensive London HIV Prevention Needs Assessment and options appraisal, led by the Directors of Public Health. This evidence-based needs assessment established the case for delivering a number of HIV prevention interventions at a London level. It focussed on interventions where a city-wide approach made sense owing to economies of scale in either the commissioning or delivery of services, or where such an approach improved the quality, consistency or reach of the interventions. Leaders agreed to commission

a collaborative HIV prevention programme across the capital, recognising that tackling London's public health challenge of HIV required joint action.

5. Whilst participation in the programme is a matter for individual boroughs, establishing the LHPP was discussed by London Councils' Leaders' Committee and this report is provided to report progress and look to the future. The LHPP was initially agreed for a period of three years, with the current funding agreements and contracts due to expire on 31st March 2017.

The London HIV Prevention Programme (LHPP)

6. The overarching aims of the LHPP are to reduce new HIV infections and increase earlier diagnosis of HIV by:
 - Increasing the uptake of HIV testing
 - Promoting condom use
 - Advocating for safer sexual behaviours.
7. These aims are delivered by the LHPP through three key elements:
 - "Do It London" – multimedia communications on HIV for all Londoners, with specific campaigns targeted at key at-risk groups of MSM and black African communities;
 - condom procurement, promotion and distribution; and
 - targeted outreach via face to face and digital channels (for MSM only).
8. The London Borough of Lambeth commissions and manages the programme, on behalf of all London local authorities. Borough contributions to the LHPP are calculated according to the prevalence of HIV in their area, with annual contributions ranging from less than £2,000 to more than £110,000 per year. In total, by the end of the third year of the programme in March 2017, boroughs will have contributed £3.4 million over three years, with an annual spend of £1.14m. This compares to an annual spend of £2.8m (2008-11) and £2.3m (2011-13) spent by London's primary care trusts on the predecessor programme.

What the LHPP has delivered so far

9. The LHPP has been extremely active across all three elements of the programme. Through the LHPP London boroughs have:

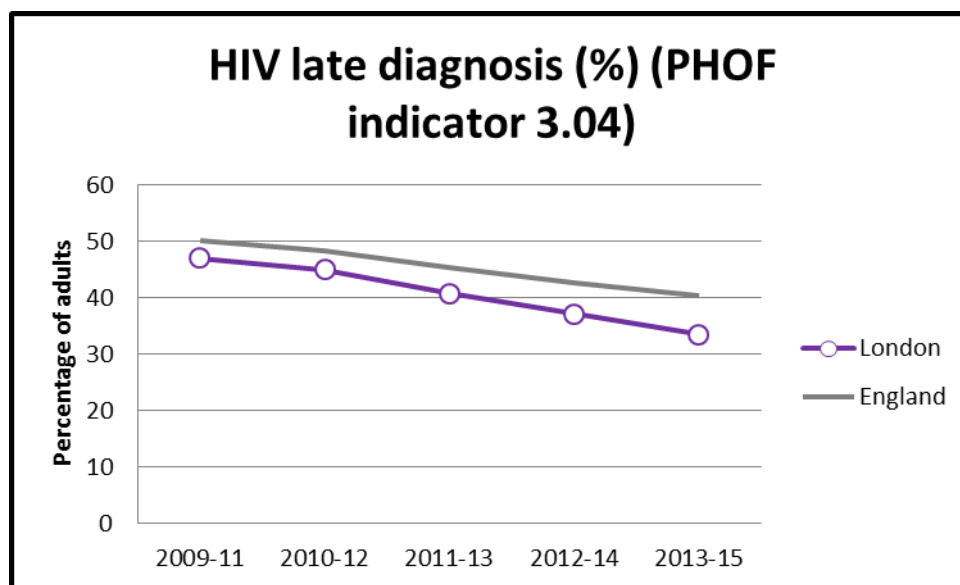
- Created a strong campaign brand for HIV Prevention (“Do It London: Test, Protect and Prevent HIV”, see Appendix two), supported by online access through the Do it London website, which provides safer sex information, supports access to multiple options for testing and home sampling, and sets out London’s approach to prevention.
 - Grown the ‘Do It London’ website from 10,500 views per month (June-Dec 15) to 85,000 views per month (Jan-April 16). www.DoltLondon.org is now *the* top website for HIV or sexual health searches in London
 - Delivered non-digital campaigns, including: 22,450 adverts across the London transport network (buses, tube, rail stations, roadside); 1000 adverts across bars, clubs, leisure centres and shopping centre washrooms; 1500 video adverts across London GP surgery waiting room screens; over 5000 radio ads across 3 gay and black African stations.
 - In terms of digital display advertising (mobiles, apps, websites) and social media (Facebook, Twitter), achieved very high click through rates (CTR) (1.22%) and a low cost per click (£0.21) both of which compare very favourably to the industry average for large corporate advertisers (CTR of 0.05%).
 - Distributed 1.5 million condoms in 2015/16 alone.
 - Completed 80,000 face to face outreach interventions/ contacts in over 80 MSM venues across the city, including more intensive outreach interventions in 22 priority venues.
 - Achieved 120,000 contacts through the development of a new MSM digital outreach service (via Grindr, Scruff, Gaydio and other targeted channels).
 - The recent summer campaign used in-depth audience feedback to refine messaging and channel selection. This meant that the campaign was able effectively to target MSM and black Africans via the most popular format: mobile and tablet.
10. Each phase of the Do it London campaign is evaluated through independent market research by an independent company. The “post-campaign” market research survey conducted in February 2016 involved nearly 400 participants from across Greater London (107 gay men, 183 black African men and women, as well 99 people from a nationally representative group). Key findings from this survey revealed high levels of campaign awareness and impact, including:
- High levels of *unprompted* campaign awareness, with levels of awareness increasing with increasing numbers of sexual partners in last 6 months (48%

of those with 4 or more partners in the past 6 months were aware of the campaign)

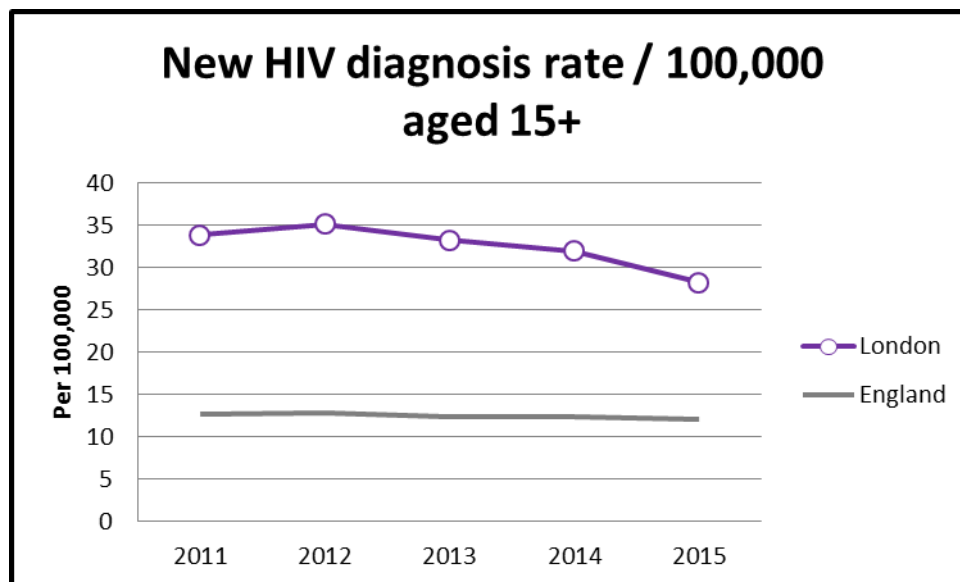
- *Prompted* recognition of the campaign was approximately 50% in gay men and black African men.
- Black African men and MSM reported the greatest impact on their self-reported awareness of the campaign and of HIV testing, and on self-reported behaviours (going for a test, ordering a home sampling kit, discussing safer sex with a partner).

11. Post campaign evaluation from a market research agency released in September of this year showed that the campaign is continuing to raise awareness of HIV testing across the key groups. Of all respondents who had already seen the Do it London campaign, 68 per cent felt it had positively influenced their behaviour towards HIV testing and 66 per cent felt it had influenced their sexual behaviour (e.g. to practice safe sex).

12. These encouraging evaluation results are starting to be reflected in positive trends from national PHE data on testing and late diagnosis rates. A drop in the percentage of late diagnoses can be seen in Graph 1 and a fall in the new diagnosis rate is evident in Graph 2.



Graph 1, Percentage of adults (aged 15 or above) in London newly diagnosed with HIV with a CD4 count less than 350 cells per mm³



Graph 2, Rate of new HIV diagnosis per 100,000 population among people in London aged 15 and over

13. A separate, academic evaluation of the LHPP is underway, led by University College London and Public Health England and supported by a National Institute for Health Research grant of £250k. This will endeavour to assess the longitudinal impact of the LHPP on sexual health knowledge and attitudes of MSM and black African communities, and on HIV testing behaviours. The findings of this evaluation will be published in April 2017 and will be used to help shape and refine the programme going forward.
14. Through robust procurement and contract management, Lambeth commissioners have successfully secured significant increases in productivity and outputs from the providers. For example, they have secured a 36% increase in the number of condoms distributed for significantly less spend (£1.1m per annum), compared to the previous NHS commissioned pan-London programme (£2.8m per annum in 2008-11 and £2.3m per annum in 2011-13). The LHPP is confident that it can deliver further productivity increases and is able to, therefore, offer an overall annual budget reduction of 10%.
15. These efficiencies have been achieved through the collective purchasing power of boroughs working together. Significant added value has also been achieved in terms of the communications and media campaign. Through close working with borough communication teams in order to access council-owned billboards, the LHPP has minimised spend on media buying and achieved an estimated saving of around £400,000. All campaign planning and coordination has been delivered “in house” by Lambeth rather than via a third party, which is estimated to have

saved an average of 30% on “management costs” typically charged through a third party provider.

How LHPP is viewed by London stakeholders

16. Preliminary discussions regarding programme continuation have revealed strong support for renewal of the LHPP beyond March 2017 amongst borough Chief Executives and London Directors of Public Health, based on:

- High levels of need and the ongoing public health challenge of HIV in the capital, suggesting an ongoing ‘call to arms’ for a London-wide collaborative response
- The significant programme deliverables and outputs delivered to date under the consistent ‘Do it London’ brand, and the positive findings to date regarding programme reach and self-reported behaviour change
- The value for money, economies of scale and significant operational efficiencies achieved by the programme, taking a London-wide approach.

17. The LHPP has attracted significant attention and support from key stakeholders, partners and the local and national media. Public Health England (London) was a key partner in the initial development of the programme, and continues to actively support ongoing delivery and evaluation of the programme. The LHPP has also been a key focal point for engagement, communication and coordination between London-level HIV prevention activities and other regional (GLA), national (PHE and the HIV Prevention England programme) and international (eg the international Fast Track Cities initiative) activities.

18. In September 2016 Sadiq Khan, the Mayor of London spoke in support of the LHPP:

“The LHPP’s Do It London campaign is a genuinely collaborative response to a London-wide issue and boroughs have my firm support to continue to work together in this way when the campaign’s funding is due for renewal in 2017.”

19. The programme has also been cited by the city leaders of Moscow, Chicago and Paris as an example of best practice on HIV prevention across large city regions.

20. In April 2016 Cllr Teresa O’Neill, London Councils’ then lead for Health, met with Jane Ellison MP, the then Parliamentary Under-Secretary of State for Public

Health, to discuss the success of the LHPP, and to seek to maximise collaborative working and synergies between London regional and national HIV prevention activities.

21. There has also been strong support for, and acknowledgement of, the benefits of London's collaborative approach to HIV prevention amongst clinical and professional bodies in the sexual health arena. For example, the LHPP is one of ten national case studies profiled in the Local Government Association and the Medical Foundation for HIV and Sexual Health's joint 2015 publication on "Sexual Health Commissioning in Local Government".
22. The LHPP has established a strong track record of delivery, and provided an important response to the challenge of HIV facing London. However, London continues to have a high prevalence and ongoing high incidence of HIV. Continuation of the LHPP beyond March 2017 would provide a clear signal of the boroughs' ongoing commitment to HIV prevention, and in particular to protecting and improving the health of those communities at greatest risk in the capital.

The proposal for the LHPP post April 2017

23. The proposal is for an extension of the LHPP for a further two years, but with a 10% overall reduction in annual budget (and therefore in borough contributions). This budget cut is in line with reductions to the Public Health Grant to boroughs, and the extension to March 2019 aligns with the anticipated move away from a ring-fenced grant to funding based on business rates retention. Contractual flexibilities will be maintained with the commissioned providers to enable the programme to respond to further policy or financial changes, as well as ensuring that – as it has been to date – the LHPP is responsive to ongoing feedback, evaluation findings and emerging HIV and sexual health issues. A more detailed breakdown of figures by borough can be seen in Appendix one.

Pre-Exposure Prophylaxis (PrEP) Update

24. Leaders may be aware of developments in recent months in respect of the NHS England position on PrEP. PrEP involves the use of an anti-retroviral (ARV) drug which may be prescribed to HIV negative people who are at high risk of contracting HIV. Using PrEP can prevent them from becoming infected. In

summary, after developing the draft PrEP policy by a working group that included local authority representatives, NHS England withdrew the policy from the annual prioritisation round citing legal advice that NHS England was not the responsible commissioner.

25. This decision by NHS England was subsequently challenged through a Judicial Review. On 2 August the high court ruled that NHS England does have the power to commission PrEP. The judge ruled that NHS England had “mischaracterised the PrEP treatment as preventative when in law it is capable of amounting to treatment for a person with infection”.
26. NHS England decided to appeal this decision on the grounds that local authorities have the legal responsibility to provide services to prevent the spread of HIV. The appeal was heard on 15 September and in November a ruling was handed down rejecting the NHS England appeal. PrEP will now be considered alongside other potential treatments and interventions when the NHS England prioritisation round is re-run, which is expected before the end of 2016.

Conclusion

27. The ongoing public health challenge of HIV in the capital continues to suggest that a London-wide response is warranted. Since April 2014 the London HIV Prevention Programme has formed a large part of this response delivering outcomes under the Do it London brand. Along with the tangible outputs listed in the paper the market research undertaken to date indicates strong campaign and brand recognition and its positive impact on sexual health behaviours. The LHPP has also been able to achieve significant operational efficiencies and economies of scale through effective contract management, collaborative working across boroughs and robust governance.
28. It is important to recognise that participation in the programme is a matter for individual boroughs. The current programme was established in part through discussions at London Councils’ Leaders’ Committee and this report is provided to report progress and look to the future
29. Leaders are asked to:
 - a) Note and comment on the case for continuation of the London HIV prevention Programme

- b) Endorse the proposal to continue the programme for two years beyond March 2017.

IMPLICATIONS FOR LONDON COUNCILS

Financial Implications for London Councils

In respect of the London HIV Prevention Programme, see Appendix one.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendix one: Current and proposed borough contributions to the LHPP (SOPHID weighted)

Local Authority	LA contribution 2016/17	PROPOSED Annual contribution 2017-18	PROPOSED Annual contribution 2018-19
Barking & Dagenham	£26,507.06	£23,856.35	£23,856.35
Barnet	£26,189.61	£23,570.65	£23,570.65
Bexley	£13,213.85	£11,892.46	£11,892.46
Brent	£32,816.38	£29,534.74	£29,534.74
Bromley	£17,420.06	£15,678.05	£15,678.05
Camden	£51,744.32	£46,569.89	£46,569.89
City	£1,904.70	£1,714.23	£1,714.23
Croydon	£46,347.67	£41,712.90	£41,712.90
Ealing	£27,935.58	£25,142.02	£25,142.02
Enfield	£32,300.52	£29,070.47	£29,070.47
Greenwich	£37,697.17	£33,927.45	£33,927.45
Hackney	£54,522.01	£49,069.81	£49,069.81
Hammersmith & Fulham	£39,284.42	£35,355.98	£35,355.98
Haringey	£45,792.14	£41,212.93	£41,212.93
Harrow	£12,737.67	£11,463.90	£11,463.90
Havering	£8,967.96	£8,071.16	£8,071.16
Hillingdon	£18,253.36	£16,428.02	£16,428.02
Hounslow	£24,245.23	£21,820.71	£21,820.71
Islington	£51,387.19	£46,248.47	£46,248.47
Kensington & Chelsea	£38,014.62	£34,213.16	£34,213.16
Kingston	£8,372.74	£7,535.47	£7,535.47
Lambeth	£128,249.73	£115,424.76	£115,424.76
Lewisham	£59,878.97	£53,891.07	£53,891.07
Merton	£20,277.11	£18,249.40	£18,249.40
Newham	£55,474.36	£49,926.92	£49,926.92
Redbridge	£19,245.40	£17,320.86	£17,320.86
Richmond	£10,912.34	£9,821.10	£9,821.10
Southwark	£101,345.85	£91,211.27	£91,211.27
Sutton	£11,309.15	£10,178.24	£10,178.24
Tower Hamlets	£47,339.70	£42,605.73	£42,605.73
Waltham Forest	£32,419.56	£29,177.60	£29,177.60
Wandsworth	£43,411.26	£39,070.13	£39,070.13
Westminster	£54,482.33	£49,034.10	£49,034.10
TOTAL	£1,200,000	£1,080,000	£1,080,000

Appendix two: Example imagery from the “Do it London” Campaign

**“I DO IT
ALL OVER
LONDON”**

YOU CAN DO IT TOO

TESTING FOR HIV
IS QUICK, EASY AND CONFIDENTIAL

LONDON **DO IT** **N**
TEST·PROTECT·PREVENT HIV
www.doitlondon.org

LONDON HIV PREVENTION PROGRAMME: PROUDLY SUPPORTED BY ALL LONDON BOROUGHES

Leaders' Committee

London Councils Grants Scheme - Budget Proposals 2017/18

Item no: 8

Report by:	Frank Smith	Job title:	Director of Corporate Resources
Date:	6 December 2016		
Contact Officer:	Frank Smith		
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Summary

This report considers the proposed budget for the Grants Scheme for 2017/18 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval. These proposals were considered by the Grants Committee at its meeting on 23 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals.

Recommendations

The Leaders' Committee is asked to agree:

- an overall level of expenditure of £8.668 million for the Grants Scheme in 2017/18 (inclusive of £2 million gross ESF programme);
- that taking into account the application of £1 million ESF grant, borough contributions for 2016/17 should be £7.668 million;
- that, in addition and for 2016/17 only, a proposed transfer from Grants Committee reserves of £156,000 be made and returned to boroughs; £56,852 of which will be returned to 12 boroughs in the form of a repayment, with a sum of £99,148 in respect of 21 boroughs participating in the non-S.48 ESF programme being transferred to the Joint Committee to fund the administration of the scheme;
- that a further sum of £75,000 be transferred from uncommitted S.48 reserves to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector;
- that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2017 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £10 million);

- that constituent councils be advised that the apportionment of contributions for 2017/18 will be based on the ONS mid-year population estimates for June 2015 and that this methodology will also apply to the proposed repayment of £156,000 for 2017/18; and
 - that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £555,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £120,000.
-

London Councils Grants Scheme - Budget Proposals 2017/18

Introduction

1. This report details the indicative overall budget requirement for the London Boroughs Grants Scheme for 2017/18 of £8.668 million, compared to £10 million for 2015/16 (net of borough repayments and City Bridge Trust support), comprising:
 - The cost of the borough scheme of priority, pan-London commissioned services of £6.668 million, which includes the cost of administering the borough scheme, equating to £435,000 or 6.5% (5.3% excluding central recharges of £80,000) of the proposed grants programme of £8 million plus the membership subscriptions for boroughs for London Funders of £60,000; and
 - The gross cost of the ESF programme of £2 million, including £120,000 administration costs, offset by ESF grant of £1 million, leaving a net cost of £1 million to be funded by boroughs.
2. Following recommendations from Grants Committee, Leaders' Committee considered a report at their meeting 22 March 2016 and agreed that there should be a Grants Programme from April 2017 to March 2021, operating in accordance with the current principles and focused on the following priorities:
 - Priority 1: Combatting Homelessness;
 - Priority 2: Tackling Sexual and Domestic Violence; and
 - Priority 3: Tackling Poverty through Employment (ESF match funded).
3. This followed the conclusion of the Grants Review during 2015/16, which included two public consultations and consideration of a wide range of evidence including equalities impact information. As a consequence of the decision to have a programme in 2017-21 that does not contain a priority solely focused on capacity building, the budget has, therefore, been reduced by £1.332 million. On 31 March 2017, the current programme will cease, meaning that the six commissions that are funded under the current Priority 4 will also cease and will not be replaced.

4. At their meeting on 13 July 2016 Grants Committee agreed service specifications for priorities 1 and 2 with indicative budget allocations totalling £6.17m (plus costs associated with the administration of the scheme). Included within this, members agreed specifications for two service areas (1.3 and 2.5) under priorities 1 and 2, which will deliver targeted second tier support relating to priorities 1 and 2 with indicative budget allocations totalling £450,000 per year.
5. The proposed total expenditure budget of £8.668 million will be funded by borough contribution of £7.668 million and ESF grant income of £1 million.
6. In addition, for 2017/18 only, a proposed transfer from uncommitted S.48 Grants Committee reserves of £156,000 be made and returned to boroughs in the form of a repayment. A sum £56,852 will be returned directly to 12 boroughs in the form of a repayment, with a sum of £99,148 in respect of 21 boroughs participating in the non-S.48 ESF programme being transferred to the Joint Committee to fund the administration of the scheme. This position is illustrated in Appendix B.
7. In addition, and subject to a review after 12 months, a further transfer from uncommitted S.48 Grants Committee reserves of £75,000 is proposed to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector. This follows the decision by members, at the Grants Committee AGM, 13 July 2016, that officers make provision in the 2017/18 budget proposals for this work, which was approved by the Grants Committee on 23 November.
8. These proposals were considered by the Grants Committee at its meeting on 23 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals. The Leaders' Committee will need to reach a view on both the appropriate overall level of expenditure and to recommend the budget to constituent Councils.
9. The financial year 2017/18 represents to first year of the new four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016, as detailed in paragraphs 3-4 above.

Approval of Expenditure

10. The statutory basis of the Grants Scheme is Section 48, Local Government Act 1985.
Constituent councils agreed to some changes to the operation of the Scheme as part of the establishment of the new ALG on 1 April 2000: these changes mean that the budget for the London Councils Grants Scheme must be approved by the London Councils Leaders' Committee. This will need to happen before any budget that is recommended to constituent councils by the Grants Committee can be formally referred to them as a basis for consideration in their respective councils.
11. The budget proposals contained in this report were considered by the Grants Committee at its meeting on 23 November and the recommendations of the Grants Committee are reflected in this report. If Leaders do not accept the recommendations of the Grants Committee, and instead agree to recommend a different budget figure to Boroughs, the Grants Committee will need to meet urgently to consider the implications for the Grants programme.
12. Section 48(3) of the Local Government Act 1985 requires that at least two-thirds of the constituent councils in Greater London must approve the proposed overall level of expenditure on grants to voluntary organisations and other costs incurred in "the making of grants". This is not a decision that can be delegated to the Grants Committee although that Committee is able to make decisions with regard to allocation of that expenditure once overall expenditure has been approved. This means that when the Committee decides on an overall level of expenditure, subject to the agreement of the London Councils Leaders' Committee, it will recommend it to the London Boroughs and the Cities of London and Westminster and at least 22 of them must agree through their respective decision-making arrangements to ratify and give effect to that overall level of expenditure. Once 22 councils have given their approval, the overall level of expenditure and contributions to it are binding on all constituent councils.

Timing of Decisions

13. The Committee needs to make its recommendation in good time so that constituent councils are able to consider the budget proposal within their own decision-making arrangements and make a response within the timescales laid down for the Scheme. The Scheme approved by the boroughs provides that constituent councils shall be asked to agree to the Committee's recommended level of overall expenditure not later than the third Friday in January, in this case 20 January 2017. All constituent councils will have received copies of this report and will be informed of the Committee's recommendation as to overall expenditure for next year, once the decision has been taken.
14. The City of London Corporation has been the Designated Council for the Scheme since 1 February 2004. Bearing in mind the issues raised above, it is essential for the Committee make a recommendation today, to provide sufficient time for constituent councils to consider the matter before the 1 February deadline, and enable the City of London Corporation to approve the levy on constituent councils by the deadline of 15 February 2017.
15. In the event that constituent councils are unable to reach agreement by the two-thirds majority required on an overall level of expenditure before 1 February 2017 the Secretary of State for Communities and Local Government has powers to intervene and set the budget at the same level as the preceding year. Section 105 of the Local Government Finance Act 1992 inserted a new sub-section (4A) into section 48 of the Local Government Act 1985 which states that:

"4A. The Secretary of State may by order provide that if -

 - *a scheme requires the total expenditure to be incurred under the scheme in any financial year _*
 - *in the making of grants; and*
 - *in the discharging by the designated council of its functions under the scheme, to be approved in accordance with the scheme by some or all of the constituent councils; and*

- *the total expenditure to be incurred in any financial year is not approved as required by the scheme before such date as may be specified in relation to that financial year in the order, the constituent councils shall be deemed, subject to any order which has been or may be made under subsection (5) below, all to have given their approval for that financial year to total expenditure of an amount equal to the amount that was approved or, as the case may be, deemed to have been approved for the preceding financial year".*

Contributions by constituent councils

16. Section 48(3) of the 1985 Act provides that the amount of contributions to the London Councils Grants Scheme shall be determined so that expenditure is borne by constituent councils in proportion to the population of their respective areas. Section 48(4) of the 1985 Act states that the population of any area shall be the number estimated by the Registrar-General and certified by him to the Secretary of State.

17. Under The Levying Bodies (General) Regulations 1992, arrangements made under section 48 of the 1985 Act (and also section 88) use total resident population as the means of apportionment and it is no longer necessary for the Registrar General to certify the estimates. The Regulations came into force on 11 December 1992. Regulation 6(8) is of particular importance, stating that:

"A levying body shall secure that the expenses to be met by levies issued by it under these Regulations by reference to the relevant precepting power conferred by section 48 or 88 of the Local Government Act 1985 are borne by the relevant authorities in a proportion calculated by reference to the total resident population of the area of each relevant authority on 30th June in the financial year beginning two years before the beginning of the financial year in respect of which the levy is issued, as estimated by the Registrar General."

18. The Designated Council is defined as a levying body further to Sections 74 and 117 of the Local Government Finance Act 1988, which means that the levy will have to be approved formally at a meeting of the Court of Common Council of the Designated Council before the payment requests are sent to constituent councils. The Court of Common Council will consider this matter before the deadline of 15 February 2017. The Levying Bodies (General) Regulations 1992 then require the approved levy to be sent out to constituent councils by 15 February in any year. The term levy refers both to the total contributions from constituent councils and to the apportionment of that total between them.

Summary Timetable

19. To summarise, the timetable for the approval of the budget for 2017/18 is expected to be as follows:

Date	Action
23 November 2016	Grants Committee considered proposed budget and borough contributions for 2017/18 detailed in this report and made recommendations to Constituent Councils, subject to approval of Leaders' Committee
6 December 2016	This Committee is asked to approve the level of budget and borough contributions for 2017/18, as recommended by the Grants Committee on 23 November
7-9 December 2016	Constituent Councils formally notified of the approved level of budget and borough contributions for 2017/18
12 December 2016 – 31 January 2017	Constituent Councils to individually ratify the overall level of expenditure for 2017/18 through their respective decision-making arrangements
1-15 February 2017	The City of London Corporation, as the Designated Councils for the Grants Scheme, approves the levy for 2017/18 on Constituent Councils
15 February 2017	Constituent Councils informed of level of approved expenditure and borough contributions for 2017/18

Budget Proposal for 2017/18

20. Appendix A to this report sets out detailed information relating to the proposed budget for 2017/18. The budget assumes:

- A core, pan-London scheme of services to meet agreed service priorities of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- An additional gross sum of £1.88 million relating to the new 2016+ ESF joint funded programme;
- An indicative gross commissioning budget of £8.113 million, a reduction of £1.332 million on the budget of £9.445 million for the current year;
- In addition to the indicative gross grant payments budget of £8.113 million, the proposal includes a provision for grants administration of £555,000. This comprises of 6.5% (5.3% excluding central recharges) of the boroughs grants budget of £6.668 million, amounting to £435,000, plus 5.99% of the £2 million gross ESF programme, amounting to £120,000.

- In addition, and subject to a review after 12 months, a proposed transfer from uncommitted S.48 Grants Committee reserves of £75,000 to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector. Further details are provided in the report on Leadership in the Third Sector on the agenda.
- Finally, for 2017/18 only, a proposed transfer from uncommitted S.48 Grants Committee reserves of £156,000 be made and returned to boroughs in the form of a repayment. For those 21 boroughs participating in the new borough ESF programme, which is managed by the Joint Committee, not the Grants Committee, the share of the repayments relating to these boroughs will be transferred to the Joint Committee to contribute towards the overall funding of the new programme.

Administration of Commissions

21. The staffing costs figures within the proposed 2017/18 budget options reflects all of these posts, together with the apportionment of time spent on Grants Committee activities by other London Councils staff, such as Grants Committee servicing and Public Affairs. The staffing budget also includes a £10,000 provision for maternity cover and the vacancy level of 2%.
22. In terms of dedicated staff, the overall number of staff is 5.99 fte posts (6.105 fte 2016/17) split between the S.48 programme of 4.69 fte posts (4.83 fte 2016/17) and 1.3 fte posts (1.275 fte 2016/17) dealing with the S.48 Borough/ESF programme.
23. In addition, an apportionment of time spent by Corporate Resources, Corporate Governance other than Committee Servicing, the Chief Executive's office, and London Councils Political Advisors are included in the central recharges figure for supporting the Committee's functions, as well as a notional rental figure for office space occupied at Southwark Street.

24. All estimates of administration expenditure levels have previously been based upon a threshold of 5% of the budget for payments to commissions in respect of the borough funded S.48 scheme, as agreed by Grants Committee in the review of non-grants expenditure levels conducted in early 2009. However, trends emerging over the current four years programme suggest that it is becoming increasingly difficult to contain all administrative costs within the 5% envelope, especially after the introduction of the new monitoring arrangements in April 2013 and the increase in central costs following the review of the recharge model during 2013/14 following an objection to the accounts. Administrative expenditure for the S.48 commissions, therefore now equate to 6.5% (or 5.3% excluding central recharges) of the boroughs S.48 budget of £6.668 million, amounting to £435,000 in total for 2017/18.

25. For the ESF programme, the claimable amount is limited to 5.99% of the total budget as stated in the funding guidelines, equating to £120,000. Total administration costs for 2017/18 are, therefore, estimated to be £555,000, the same amount as for 2016/17.

ESF Grant Income

26. The proposed budget includes gross expenditure of £2m million on activities commissioned under London Councils approved priorities, including administration costs of £120,000, which attracts grant income at 50%, thus reducing the net cost of this activity to £1 million. Both the gross expenditure and the ESF income it attracts are reflected in Appendix A.

Use of Reserves

27. Table 1 below updates the Committee on the revised estimated level of balances as at 31 March 2017, if all current known liabilities and commitments are considered, plus the projected underspend of £854,000 for 2016/17 highlighted in paragraph 21 above:

Table 1 – Estimated Uncommitted Reserves as at 31 March 2017

	Borough	ESF	Total
	£000	£000	£000
Audited reserves as at 1 April 2016	634	1,358	1,992
Projected surplus/(deficit) for the year	26	828	854
One-off payments to boroughs in 2016/17	(185)	(301)	(486)
Potential funding of a post to work with City Bridge Trust developing leadership regarding support to the Third Sector in 2016/17	(38)	-	(38)
Projected reserves as at 31 March 2017	437	1,885	2,322

28. Following discussions at the Grants Executive meeting in September 2013, it was agreed that it would be appropriate to retain a minimum level of reserves equating to 3.75% of the S.48 borough programme. Based on a reduced borough programme of £6.668 million, this equates to £250,000 for 2017/18. If the recommendations contained in this report are approved by the this Committee, the revised projected position on reserves is detailed in Table 2 below:

Table 2 – Estimated Uncommitted Reserves as at 31 March 2017

	Borough	ESF	Total
	£000	£000	£000
Projected reserves as at 31 March 2017	437	1,885	2,322
Repayment to boroughs in 2017/18	(156)	-	(156)
Potential funding of support to the Third Sector via the City Bridge Trust in 2017/18	(75)	-	(75)
ESF commitments 2017/18 – 2019/20	-	(1,885)	(1,885)
Projected uncommitted reserves as at 31 March 2017	206	-	206
Indicative total expenditure 2016/17	6,668	2,000	8,668
Forecast reserves as a % of indicative expenditure	3.09	-	2.38

29. The projected residual level of reserves of £206,000, or 3.09%, of the S.48 programme, therefore, is clearly less than the 3.75% benchmark. However, over the past four years, monitoring has been tight, with no overspends reported on individual commissions. In fact, the opposite has prevailed with early interventions ensuring that in a number of instances, funding has been withheld if outcomes or information cannot be verified, resulting in some minor underspends that have been taken into reserves. It is envisaged, therefore, that based on recent trends, uncommitted reserves are likely to replenish towards the desired benchmark level during the course of 2017/18. It is proposed, therefore, that the Committee approves the return of £156,000 to boroughs in 2017/18 as laid out in this report.

30. For the ESF programme, reserves of £1.808 million are attributable to the new 2016+ ESF funding arrangements that are now managed by the GLA/LEP. The start of the new programme has slipped until November 2016, so this sum will be applied over the three-year project period up until the revised project end date of 2019/20. The residual £77,000 relates to the expired 2013-15 ESF programme, the final position for which is close to being finalised and this sum will be used to fund any residual liabilities or shortfalls in grant funding.

Borough Contributions

31. Paragraphs 16 to 18 of this report set out the legal position relating to contributions payable by constituent councils to the London Councils Grants Scheme. Contributions for 2017/18 have been calculated using the ONS mid-year population estimates for June 2015 and are set out in Appendix B, together with the effect of the proposed repayment to boroughs of £156,000.

Summary

32. This report considers the proposed budget for the Grants Scheme for 2017/18 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval, subject to the agreement of the overall budget by this Committee. Specifically, the report proposes to continue with an overall level of expenditure in 2017/18 of £8.668 million, which requires borough contributions of £7.668 million (refer to Appendix B). A repayment to boroughs of £156,000 from Committee reserves is also recommended, subject to approval from the Leaders' Committee on 6 December, as well as an additional sum of £75,000 from reserves to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector.

33. The financial year 2017/18 represents to first year of the new four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016. This has resulted in a reduction in the £8 million budget for the priority, pan-London commissioned services of £1.332 million to £6.668 million, with all of the reduction applying to the existing Priority 4 Capacity Building stream of work.

Recommendations

34. The Leaders' Committee is asked to agree:

- an overall level of expenditure of £8.668 million for the Grants Scheme in 2017/18 (inclusive of £2 million gross ESF programme);
- that taking into account the application of £1 million ESF grant, borough contributions for 2016/17 should be £7.668 million;
- that, in addition and for 2017/18 only, a proposed transfer from Grants Committee uncommitted S.48 reserves of £156,000 be made and returned to boroughs in the form of

a repayment; £56,852 of which will be returned to 12 boroughs in the form of a repayment, with a sum of £99,148 in respect of 21 boroughs participating in the non-S.48 ESF programme being transferred to the Joint Committee to fund the administration of the scheme;

- that a further sum of £75,000 be transferred from uncommitted S.48 reserves to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector;
- that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2017 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £10 million);
- that constituent councils be advised that the apportionment of contributions for 2017/18 will be based on the ONS mid-year population estimates for June 2015 and that this methodology will also apply to the proposed repayment of £156,000 for 2017/18; and
- that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £555,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £120,000.

Appendices

Appendix A – Proposed revenue income and expenditure budget 2017/18;

Appendix B – Proposed borough subscriptions 2017/18;

Background Papers

Grants Committee Budget Working Papers 2016/17 and 2017/18;

Grants Committee Final Accounts Working Papers 2015/16;

Grants Committee Revenue Budget Forecast Working Papers 2016/17; and

London Councils Consolidated Budget Working Papers 2016/17 and 2017/18.

Appendix A

Grants Committee Income and Expenditure Budget 2017/18

Expenditure	Revised Budget 2016/17 £000	Developments £000	Inflation £000	Original Budget 2017/18 £000
Payments in respect of Grants				
London Councils Grants Programme	7,505	-1,332	0	6,173
Membership Fees to London Funders (for all boroughs)	60	0	0	60
City Bridge trust Liaison	0	75	0	75
European Social Fund Co-Financing	1,880	0	0	1,880
Sub-Total	9,445	-1,257	0	8,188
Operating (Non-Grants) Expenditure				
Contractual Commitments				
Maintenance of GIFTS Grants IT system	10	0	0	10
	10	0	0	10
Salary Commitments				
Officers	353	0	0	353
Members	19	0	0	19
Maternity provision	10	0	0	10
	382	0	0	382
Discretionary Expenditure				
Staff training/recruitment advertising	6	0	0	6
Staff travel	2	0	0	2
	8	0	0	8
One-off payment to boroughs	486	-330	0	156
Total Operating Expenditure	886	-330	0	556
Central Recharges	155	0	0	155
Total Expenditure	10,486	-1,587	0	8,899
Income				
Core borough subscriptions				
Contribution to grant payments	8,600	-1,332	0	7,268
Contribution to non-grants expenditure	400	0	0	400
	9,000	-1,332	0	7,668
Other Income				
ESF Grant Income	1,000	0	0	1,000
	1,000	0	0	1,000
Transfer from Reserves	486	-255	0	231
Central Recharges	0	0	0	0
Total Income	10,486	-1,587	0	8,899
Net Expenditure	0	0	0	0

Appendix B

Borough Subscriptions 2017/18

ONS Mid-2014 Estimate of Population ('000)	%	2016/17 Base Borough Contribution (£)		ONS Mid-2015 Estimate of Population ('000)	%	2017/18 Base Borough Contribution (£)	Base Difference from 2016/17 (£)
234.85	2.71%	247,537	Camden	241.06	2.78%	213,113	-34,424
8.07	0.09%	8,506	City of London	8.76	0.10%	7,744	-762
268.68	3.10%	283,195	Greenwich	274.80	3.17%	242,941	-40,253
263.15	3.03%	277,366	Hackney	269.01	3.10%	237,823	-39,543
178.37	2.06%	188,006	Hammersmith and Fulham	179.41	2.07%	158,610	-29,396
221.03	2.55%	232,971	Islington	227.69	2.63%	201,293	-31,677
156.19	1.80%	164,628	Kensington and Chelsea	157.71	1.82%	139,426	-25,202
318.22	3.67%	335,411	Lambeth	324.43	3.74%	286,818	-48,593
291.93	3.37%	307,701	Lewisham	297.33	3.43%	262,859	-44,841
302.54	3.49%	318,884	Southwark	308.90	3.56%	273,088	-45,796
284.02	3.27%	299,363	Tower Hamlets	295.24	3.40%	261,012	-38,352
312.15	3.60%	329,013	Wandsworth	314.54	3.63%	278,074	-50,939
233.29	2.69%	245,893	Westminster	242.30	2.79%	214,209	-31,684
3,072.49	35.42%	3,238,473		3,141.18	36.21%	2,777,011	-461,461
			Outer London				
198.29	2.29%	209,002	Barking and Dagenham	201.98	2.33%	178,564	-30,438
374.92	4.32%	395,174	Barnet	379.69	4.38%	335,671	-59,503
239.87	2.77%	252,828	Bexley	242.14	2.79%	214,068	-38,760
320.76	3.70%	338,088	Brent	324.01	3.74%	286,446	-51,642
321.28	3.70%	338,636	Bromley	324.86	3.75%	287,198	-51,438
376.04	4.34%	396,354	Croydon	379.03	4.37%	335,088	-61,267
342.12	3.94%	360,602	Ealing	343.06	3.96%	303,288	-57,314
324.57	3.74%	342,104	Enfield	328.43	3.79%	290,354	-51,750
267.54	3.08%	281,993	Haringey	272.86	3.15%	241,226	-40,767
246.01	2.84%	259,300	Harrow	247.13	2.85%	218,479	-40,821
245.97	2.84%	259,258	Havering	249.09	2.87%	220,212	-39,046
292.69	3.37%	308,502	Hillingdon	297.74	3.43%	263,222	-45,280
265.57	3.06%	279,917	Hounslow	268.77	3.10%	237,610	-42,306
169.96	1.96%	179,142	Kingston upon Thames	173.53	2.00%	153,412	-25,730
203.52	2.35%	214,515	Merton	204.57	2.36%	180,853	-33,661
324.32	3.74%	341,840	Newham	332.82	3.84%	294,235	-47,606
293.06	3.38%	308,892	Redbridge	296.79	3.42%	262,382	-46,510
193.59	2.23%	204,048	Richmond upon Thames	194.73	2.25%	172,154	-31,894
198.13	2.28%	208,833	Sutton	200.15	2.31%	176,946	-31,888
268.02	3.09%	282,499	Waltham Forest	271.17	3.13%	239,732	-42,767
5,466.23	63.02%	5,761,527		5,532.55	63.79%	4,891,141	-870,387
8,538.72	98.44%	9,000,000	Totals	8,673.73	100.00%	7,668,152	-1,331,848

9,000,000

7,668,152

Share of repayment in 2017/18 (£)	Returned to borough (£)	Transferred to Joint Committee (£)	Net payment 2017/18 (£)
-4,336	0	-4,336	213,113
-158	0	-158	7,744
-4,942	-4,942	0	237,999
-4,838	-4,838	0	232,984
-3,227	0	-3,227	158,610
-4,095	0	-4,095	201,293
-2,836	0	-2,836	139,426
-5,835	0	-5,835	286,818
-5,348	0	-5,348	262,859
-5,556	0	-5,556	273,088
-5,310	0	-5,310	261,012
-5,657	0	-5,657	278,074
-4,358	0	-4,358	214,209
-56,495	-9,781	-46,715	2,767,231
-3,633	-3,633	0	174,931
-6,829	0	-6,829	335,671
-4,355	-4,355	0	209,713
-5,827	0	-5,827	286,446
-5,843	-5,843	0	281,355
-6,817	-6,817	0	328,271
-6,170	0	-6,170	303,288
-5,907	0	-5,907	290,354
-4,907	0	-4,907	241,226
-4,445	0	-4,445	218,479
-4,480	0	-4,480	220,212
-5,355	0	-5,355	263,222
-4,834	0	-4,834	237,610
-3,121	-3,121	0	150,291
-3,679	0	-3,679	180,853
-5,986	-5,986	0	288,249
-5,338	-5,338	0	257,044
-3,502	-3,502	0	168,652
-3,600	-3,600	0	173,346
-4,877	-4,877	0	234,855
-99,505	-47,071	-52,434	4,844,070
-156,000	-56,852	-99,148	7,611,300

156,000

7,611,300

Leaders' Committee

Proposed Revenue Budget and Borough Subscriptions and Charges 2017/18 Item no: 9

Report by: Frank Smith **Job title:** Director of Corporate Resources
Date: 6 December 2016
Contact Officer: Frank Smith
Telephone: 020 7934 9700 **Email:** frank.smith@londoncouncils.gov.uk

Summary

Following discussions with the members of the Executive, and in advance of any budgetary implications arising from the outcome of the London Councils Challenge process, this report proposes the level of borough subscriptions and charges to be levied in 2017/18, together with the consolidated revenue income and expenditure budget for 2017/18. The report also updates members on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process.

These proposals involve:

- Containing budgetary pressures in 2017/18, including significant business rate increases and the 1% pay award, to allow the three core subscriptions to remain at the current year's level, which are:
 - The Joint Committee subscription of £161,958 per borough;
 - The TEC parking core administration charge of £1,500 per borough; and
 - Total grants administration costs of £555,000, equating to an average cost of £16,808 per borough.
- A reduction in the £8 million S.48 borough funded grants budget of £1.332 million. This is in accordance with the recommendation of the Grants Committee, which was approved by the Leaders' Committee in March 2016 to reduce funding towards the existing Priority 4 Capacity Building;
- The payment of £826,000 from uncommitted reserves to boroughs in 2017/18, an average repayment of £25,030 per borough;
- The creation of a Challenge Implementation Fund of £525,000 from uncommitted joint committee reserves;
- A proposed further transfer from uncommitted TEC general reserves of £800,000 to fund the next Freedom Pass issue

exercise in 2020 plus £200,000 to meet exploratory costs associated with the Ultra-Low Emissions Vehicles project, both subject to agreement by the main TEC meeting on 8 December; and

- A transfer from reserves of £293,000 to fund the YPES at its current level.

The total proposed savings and repatriation of funds to boroughs for 2017/18 amounts to £2.148 million, or an average of £65,090 per borough, which, for illustrative purposes, is an amount that equates to 40% of the level of the current Joint Committee subscription of £161,958.

Recommendations The Leaders' Committee is asked to approve the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2017/18, no change on the charge of £161,958 for 2016/17. The City of London will pay £158,195, in recognition of the fact the City is not part of the regional Local Government Employers (LGE) arrangements (paragraphs 12-13);
- The proposed Joint Committee subscription for the MOPAC and the LFEPA of £15,410 for 2017/18, no change on the charge of £15,410 for 2016/17 (paragraph 14);
- An overall level of expenditure of £8.668 million for the Grants Scheme in 2017/18 (inclusive of £2 million gross ESF programme), compared to £10 million for 2016/17; and
- That taking into account the application of £1 million ESF grant, net borough contributions for 2017/18 should be £7.668 million, compared to £9 million for 2016/17 (paragraphs 15-19).

The Leaders' Committee is also asked to endorse the following subscription and charges for 2017/18 for TEC, which were considered under the Urgency Procedures by the TEC Executive Sub-Committee and which will be presented to the main TEC meeting on 8 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2016/17 - £1,500) (paragraph 20);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2016/17 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2016/17 - £338,182); (paragraph 23);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN

income (2016/17 – no charge) (paragraph 24);

- The Parking Enforcement Service Charge of £0.4915 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2015/16 (2016/17 - £0.4681 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £32.00 per appeal or £28.50 per appeal where electronic evidence is provided by the enforcing authority (2016/17 - £33.32/£29.90 per appeal). For hearing Statutory Declarations, a charge of £26.74 for hard copy submissions and £26.06 for electronic submissions (2016/17 - £28.17/£27.49 per SD) (paragraphs 29-30);
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2016/17, under the new contract arrangement with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.31 per transaction (2016/17 - £7.31) (paragraphs 32-34, Table 3);
- The TRACE (Fax) Charge of £7.48 per transaction (2016/17 - £7.48) (paragraphs 32-34, Table 3); and
- The PEC Charge of £0.17 per transaction (2016/17 - £0.17) (paragraphs 32-34, Table 3).

On the basis of the above proposed level of subscriptions and charges, the Leaders' Committee is asked to approve:

- The provisional consolidated revenue expenditure budget for 2017/18 for London Councils of £387.450 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2017/18 for London Councils of £387.450 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Council reserves of £2.372 million in 2017/18, inclusive of the proposed £826,000 repatriation to boroughs and TfL in 2017/18, as detailed in paragraph 4 and Table 12 at paragraph 57.

The Leaders' Committee is also asked to note:

- The reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18; (paragraphs 41-50) ;
- The position in respect of forecast uncommitted London Council reserves as at 31 March 2017, as detailed at paragraphs 55-61; and

- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 62-63.
-

Proposed Revenue Budget and Borough Subscriptions and Charges 2017/18

Introduction

1. The forthcoming financial year, 2017/18, is the final year of the current three-year financial strategy period agreed by the Leaders' Committee in December 2014 covering the period 2015/16 to 2017/18. It also represents the first year of the new four-year Grants Programme from April 2017 to March 2021, as agreed by the Leaders' Committee in March 2016 following recommendations from the Grants Committee.
2. The timetable agreed by the London Councils Executive on 13 September 2016 in progressing the Challenge process potentially means that consideration of various issues flowing from this will continue well into 2017. This means that developments arising from agreed outcomes in respect of the Challenge process cannot be fully reflected in detail in the budget proposals for 2017/18. Some provision has, however, been made for the potential types of cost that could be incurred as a result of responding to the Challenge process. This reflects informal discussions on this topic by members of the Executive.
3. This makes the budget for 2017/18 effectively a stand-alone single year budget that does not form part of a future medium to longer term strategy period. However, the Challenge report does comment on different options for future budget structures and timescales that could perhaps be adopted for the budget strategy period starting from 2018/19 onwards.
4. This report, therefore, proposes the level of borough subscriptions and charges to be levied in 2017/18, together with the indicative consolidated revenue income and expenditure budget for 2017/18. The proposals include:
 - A Joint Committee core subscription of £161,958 per borough, the same level as for 2016/17;
 - A TEC parking core administration charge of £1,500 per borough, the same level as for 2016/17;
 - Total grants administration costs of £555,000, equating to an average cost of £16,808 per borough, the same level as for 2016/17;

- A reduction in the £8 million S.48 borough funded grants budget of £1.332 million, in accordance with the recommendation of the Grants Committee, which was approved by the Leaders' Committee in March 2016 to reduce funding towards the existing Priority 4 Capacity Building;
 - A return of uncommitted joint committee reserves of £10,000 per borough for 2017/18, totalling £330,000;
 - A return of uncommitted TEC reserves of £10,000 per borough (and for TfL) for 2017/18, totalling £340,000;
 - A return of uncommitted grants committee reserves totalling £156,000 for 2017/18, relating to the borough funded S.48 programme. This amount will be distributed amongst boroughs in accordance with the ONS mid-year population figures as at June 2015;
 - The creation of a Challenge Implementation Fund of £525,000 from uncommitted joint committee reserves to give members the option of exploring some of the recommendation contained in the London Councils Challenge report. This is explored in greater detail at paragraph 53;
 - A proposed further transfer from TEC general reserves of £800,000 to the specific reserve to fund the next Freedom Pass issue exercise in 2020 and a sum of £200,000 to establish a provision to meet potential exploratory costs associated with the Ultra-Low Emissions Vehicles Project (both to be agreed by TEC on 8 December); and
 - An increase in the transfer from reserves of £143,000 (to £293,000 in total) to fund the YPES at its current level to cover the potential loss of financial support from the new LEP, once constituted.
5. The proposal to keep the three main subscription charges at the same level as the current year is inclusive of some significant cost pressures that will arise from 1 April 2017. The two main elements of this are the agreed 1% pay award for staff, which will increase the annual salaries bill by £60,000, plus a potential 45% increase in Business Rates payable on the two London Councils premises at Southwark Street and Chancery Exchange, estimated to be £211,000. The latter will impact on the level of TEC direct services administration charges from 2017/18 onwards and this is highlighted at paragraphs 21-24.
6. The total proposed savings and repatriation of funds to boroughs for 2017/18 amounts to £2.148 million, or an average of £65,090 per borough, which, for illustrative purposes, is an amount that equates to 40% of the level of the current Joint Committee subscription of

£161,958. In addition, there is a reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18.

7. The timetable for the approval of the budget for 2017/18 is as follows:

- By 18 November - TEC Executive Sub-Committee considered the indicative budget and borough charges for 2017/18 under the Urgency Procedures and made recommendations to the main TEC Committee meeting on 8 December for approval;
- 23 November – Grants Committee considered and agreed the indicative grants budget and borough contributions for 2017/18, which is being recommended to this meeting for approval;
- 6 December - Leaders' Committee considers this report on the indicative consolidated budget and borough charges for 2017/18, and a separate report seeking approval of the grants budget and borough contributions for 2017/18. This report includes the indicative budget and borough charges for TEC which Leaders' are asked to endorse; and
- 8 December – main TEC Committee – considers recommendations of TEC Executive Sub-Committee and approves final budget and charges for 2017/18. The views of this meeting will be reported orally to the main TEC meeting.

Current position on core subscriptions and other charges

8. To help place this properly into context, it may be helpful to report that since 2010/11 (covering the six-year period between 2011/12 and 2016/17):

- The Joint Committee core subscription has been reduced by £96,005 or 37%, with the total accumulated benefit to boroughs over this period being £16.6 million;
- The TEC core parking subscription has been reduced by £500 or 25%, with the total accumulated benefit to boroughs over this period being £83,000;
- Payments for commissioned services funded by the Grants Committee have reduced from an average of £754,545 per borough to £258,788, an average reduction of £495,758 per borough or 65.7%, with the total average accumulated benefit to boroughs over this period being £91.4 million;
- Payments for the administration of commissioned services have reduced from an average of £43,333 per borough to an average of £13,939, an average reduction of £29,394 per borough or 67.8%, with the total average accumulated benefit to boroughs over this period being £5.1 million; and

- The three main TEC administrations charges for direct services – Freedom Pass, Taxicard and Lorry Control, have reduced by between 9% and 100%, with the total accumulated benefit to boroughs over this period being £4 million.
9. In addition, a further sum of £7.9 million has been repaid to member boroughs from uncommitted reserves over the period 2011/12 to 2016/17. The total accumulated benefit to boroughs, therefore, arising from the reduction in the main borough subscriptions and from charges for direct service charges since 2010/11, plus one-off repayments to date, equals £126.7 million (of which £91.4 million relates to payments to commissions funded by the Grants Committee), an average of £3.84 million per borough. In addition, staffing numbers have reduced by 39% over this period.
 10. The proposals contained in this report for 2017/18 amount to annual baseline savings of £1.332 million and a further payment from reserves of £826,000 and, if agreed, will increase the total accumulated benefit to boroughs since 2010/11 to £151 million (of which £109 million relates to payments to commissions made by the Grants Committee), equating to £4.577 million per borough.

Proposed borough subscriptions and charges

11. The following paragraphs detail the proposed borough subscriptions and charges for 2017/18.

Joint Committee Core Subscription

12. As detailed in the first bullet point of paragraph four above, the proposed amount to be levied on member boroughs in respect of the JC core and associated functions in 2017/18 is £161,958, the same level as for 2016/17. This includes a sum of £5,455 per borough as a contribution towards the funding of the YPES.
13. The City of London will pay a baseline £158,195 (£3,763 less) in recognition of the fact the City has, historically, not been part of the regional Local Government Employers (LGE) arrangements.
14. In line with the overall standstill position, it is proposed that the Joint Committee subscription for the MOPAC and the LFEPA for 2017/18 is £15,410, the same level as for the current year.

Commissioned services funded by the Grants Committee 2017/18

15. The overall budget for commissioned services for the current year, as agreed by the Leaders' Committee in December 2015 is £10.486 million, inclusive of gross ESF expenditure of £2 million and a repatriation of resources from reserves of £486,000. At its meeting on 23 November 2016, the Grants Committee was asked to agree to a S.48 borough funded grants programme of £6.668 million for 2017/18, which is the first year of the new four-year programme of commissioned services agreed by the Leaders' Committee in March 2016, following recommendations by the Grants Committee.
16. In order to mitigate the effects to the voluntary sector from ceasing to fund Priority 4, the Grants Committee has agreed, in principle, to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector. This is for an initial 12 month period and will be funded from uncommitted S.48 Grants Committee reserves. This estimated full year cost is £75,000.
17. In addition, a matched borough/ESF programme of £2 million will continue, to which the boroughs would contribute £1 million. The Leaders' Committee is, therefore, asked to approve the budget for the Grants Committee for 2017/18.
18. The effect of a £6.668 million borough funded grants programme augmented by a jointly funded ESF grants programme of £2 million is shown in the Table 1 below:

Table 1 – Indicative Grants Budget 2017/18

	2017/18 Indicative £000	2016/17 Actual £000	Variance £000
LC S.48 grants programme	6,233	7,565	(1,332)
ESF grants programme	1,880	1,880	-
City Bridge Trust liaison	75	-	75
Sub-Total	8,188	9,445	(1,257)
Grants Administration – LC S.48	435	435	-
Grants Administration – LC S.48	120	120	-
Proposed repayment to boroughs	156	486	(330)
Total expenditure	8,899	10,486	(1,587)
Financed by:			
Borough contributions to grant payment	(7,173)	(8,505)	1,332
Borough contributions to grants administration	(495)	(495)	-
Total borough contributions	(7,668)	(9,000)	1,332

ESF grant	(1,000)	(1,000)	-
Total Income	(8,668)	(10,000)	1,332
Transfer from Reserves	(231)	(486)	255
Net expenditure	-	-	-

19. The key features of the proposed budget in Table 1 are :

- A core, pan-London scheme of commissioned services to meet service priorities agreed by the Grants Committee of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- An additional gross sum of £1.88 million relating to a continuation of the current S.48/ESF commissioned services;
- An indicative gross commissions payments budget, therefore, of £8.113 million;
- A further sum of £75,000 to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector, funded from uncommitted S.48 reserves;
- A provision for grants administration of £555,000. This comprises of a sum of £435,000, or 6.5% (or 4.2% excluding central recharges of £155,000) of the boroughs grants budget of £6.668 million, reflecting the actual cost of the current contract letting, management and monitoring arrangements for commissions, plus 5.99% of the £2 million gross S.48/ESF commissions, amounting to £120,000 (which reflects the more complex monitoring arrangements of the ESF commissions);
- Borough contribution of £7.668 million and ESF grant income of £1 million to fund the total expenditure requirement of £8.668 million; the borough contribution of £7.668 million will be apportioned in accordance with the ONS 2015 mid-year population data;
- A proposed transfer from uncommitted S.48 Grants Committee reserves of £156,000 to fund a repayment to boroughs, also apportioned in accordance with the ONS 2015 mid-year population data; and
- In respect of the £156,000 proposed repayment, for those 21 boroughs participating in the new borough ESF programme, which is managed by the Joint Committee, not the Grants Committee, the share of the repayments relating to these boroughs will be transferred to the Joint Committee to contribute towards the overall funding of the new programme.

TEC Core Parking Subscription

20. This subscription is currently £1,500 per borough and there is little scope to reduce this minimal charge to boroughs, so, as agreed by the Leaders' Committee in November 2010, efforts continue to be concentrated on seeking further efficiencies in the overhead cost for TEC direct services, which are outlined below.

TEC Direct Services

21. TEC currently provides three direct services on behalf of boroughs, one of which is also provided to TfL, which are recouped by an annual administration fee – the Freedom Pass, Taxicard and the London lorry control scheme (LLCS). In overall terms, a sum of £338,000 needs to be recouped from boroughs in 2017/18, the same as for the current year. The proposed level of charge for each direct service, compared to those for the current year are detailed in Table 2 below:

Table 2 – Proposed TEC Direct Services Administration Charge 2017/18

Charge	Basis	2017/18 (£)	2016/17 (£)	Variance (£)	%
Freedom Pass	Per borough	Nil	Nil	-	-
Taxicard	Total	338,182	338,182	-	-
Lorry Control	Average	Nil	Nil	-	-

22. The **administration of the Freedom Pass** covers London Councils costs in negotiating the annual settlements and managing the relationships with transport operators and other contractors. After considering the overall income requirement for TEC, the proposed charge for 2017/18 remains at zero per borough, as the cost of administering the scheme continues to be met from income collected in respect of lost and damaged freedom passes. This position will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme. Since 2010/11, this charge to boroughs has reduced by £14,231 per borough, or 100%.

23. The **administration of the Taxicard Scheme** covers London Councils costs in processing and issuing passes to members and managing the relationships with various contractors. After considering the overall income requirement for TEC, the proposed net cost to be charged to boroughs in 2017/18 is £338,182, no change on the total charge for 2016/17. The Taxicard membership data as at 30 September 2016 has been further cleansed to exclude members who had not used their Taxicard at least once in the last two years. The outcome has been to reduce the scheme membership from 67,780 to 64,611, a reduction of 3,169, or

4.7%. This further reduction in the spreading base has increased the underlying unit cost of a permit to from £4.99 to £5.24 per member. Since 2010/11, however, the overall amount recharged to boroughs has reduced by £127,000, or 27.3%.

24. The **Lorry Control administration charge** is calculated in the same manner as the Freedom Pass and Taxicard administration charge; although it is apportioned to boroughs in accordance with the ONS mid-year population figures. In the case of 2017/18, the population data for 2015 is used. The total cost of administering the scheme is estimated to be £672,708 in 2017/18, compared to £674,119 in 2016/17. A sum of £50,000 has been retained for the review and development of the scheme. After consideration of projected income of £800,000 from the enforcement of the scheme, it is proposed that there will be no borough or TfL contribution to the scheme in 2017/18, as for the current year. Again, this position will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme. Since 2010/11, this charge to boroughs has reduced by an average sum of £14,524 per borough and for TfL, or 100%.

TEC Traded Services

25. A further range of services provided by TEC relate to various parking and traffic activities, primarily the London Tribunals (LT). A unit charge for each of these 'traded' services is made to the users, which covers the marginal costs of these services. The volumes of these transactions are solely generated by the borough; London Councils has no influence on the levels generated. In addition, an amount apportioned by the number of PCNs issued by each borough and TfL, covers the fixed costs of the parking related services - principally the LT- covering the actual cost of the appeals hearing centre and the fixed cost of the parking managed services contract.
26. The proposed level of charge for each traded service, compared to those for the current year is detailed in Table 3 below:

Table 3 – Proposed TEC Traded Services Unit Charges 2017/18

Charge	2017/18 (£)	2016/17 (£)	Variance (£)	%
Parking Enforcement Service Charge (total charge)	0.4915	0.4681	0.0234	5.0
Environment and Traffic Adjudicators (ETA) Appeals (Hard Copy)	32.00	33.32	(1.32)	(3.97)
ETA Appeals (Electronic)	28.50	29.90	(1.40)	(4.68)

ETA Statutory Declarations (Hard Copy)	26.74	28.17	(1.43)	(5.06)
ETA Statutory Declarations (Electronic)	26.06	27.49	(1.43)	(5.21)
TRACE Electronic	7.31	7.31	-	-
TRACE Fax	7.48	7.48	-	-
TEC	0.17	0.17	-	-

27. The **Parking Enforcement Service Charge** is allocated to users in accordance with the number of PCNs issued. For 2017/18, expenditure of £2.769 million needs to be recouped, compared to £2.694 million for 2016/17. The increase is primarily due to the anticipated increase in the level of business rates payable at the hearing centre at Chancery Exchange.
28. After top-slicing this amount for the estimated fixed costs of £454,000 attributable to the new contract (from 1 January 2017) with the GLA/TfL in respect of road user charging appeals (RUCA), a total of £2.316 million remains to be apportioned through the 4.713 million PCN's issued by boroughs and TfL in 2015/16 in respect of parking, bus lane and moving traffic offences, compared to 4.746 million issued in 2014/15. The marginal reduction in the number of PCNs issued over the two comparative years of 33,000, therefore, reduces the cost spreading base, which together with the projected increase in costs leads to an increase in the actual unit charge to boroughs and TfL of £0.0234 per PCN, or 5%, from £0.4681 to £0.4915 per PCN for 2017/18. In addition, under the terms of the new contract with Northgate, there is a separate fixed cost identified in respect of the use of the TRACE and TEC systems. For 2016/17, this sum was £88,000 and is estimated to increase to £89,000 in 2017/18. This sum will be apportioned to boroughs in accordance with volumes of transaction generated on each system.
29. The estimated volume of Environment and Traffic Adjudicators (ETA) appeals for 2017/18, based on indicative volumes in the first half of 2016/17, is 40,586, compared to the budgeted figure of 52,885 for the current year. The actual number of appeals heard in 2015/16 was 42,846 including Statutory Declarations, Moving Traffic Offences and Lorry Ban Appeals.
30. The average throughput of appeals for the first six months of the current year was 2.45 appeals heard per hour. However, officers working on the service have analysed adjudicator performance over the last six months and have identified system and service improvements that are likely to increase throughput to 2.7 cases per hour. Based on this forecast figure, it is proposed that the indicative hard copy unit ETA appeal cost for 2017/18 is £32.00, a reduction of £1.32 or 3.97% on the charge of £33.32 for 2016/17. For appeals where electronic evidence is provided by an enforcing authority, it is proposed that the unit cost will

reduce by £1.40 to £28.50. The lower charge to boroughs recognises the reduced charge from the contractor for processing electronic appeals, demonstrating that there remains a clear financial incentive for boroughs to move towards submitting electronic evidence under the current contract arrangements. As for 2016/17, boroughs will pay a differential charge for the processing of ETA statutory declarations. For hard copy statutory declarations, the proposed unit charge will be £26.74 compared to the charge of £28.17 for the current year, which represents a reduction of £1.43, or 5.06%. For electronic statutory declarations, the proposed unit charge will be £26.06, a reduction of £1.43, or 5.21% on the electronic appeal unit charge for the current year.

31. For RUCA Appeals, the estimated volume of appeals for 2017/18, based indicative volumes in the first half of 2016/17, is 6,348, compared to the budgeted figure of 6,167 for the current year. The actual number of RUCA Appeals dealt with in 2015/16, including Statutory Declarations, was 5,967. Under the terms of the new contract, TfL/GLA will reimburse London Councils on a cost-recovery basis for the variable cost of RUCA appeals, ensuring that a break even position continues in respect of these variable transactions. The rechargeable level of fixed costs is £454,000 for 2017/18; an £18,000 reduction on the budgeted level of £472,000 for 2016/17.
32. In respect of **all other parking traded services**, the variable charges form part of the parking managed service contract provided by the contractor, Northgate, the volumes of which are not controlled by London Councils; the individual boroughs are responsible for using such facilities. The volumes are based on those currently being processed by the contractor and are recharged to the boroughs, TfL and the GLA as part of the unit cost charge. Current trends during the first half of 2016/17 suggest that transaction volumes appear to be reducing of the use of the TRACE system, but are increasing for the use of TEC.
33. The estimated reduction in expenditure between 2016/17 and 2017/18, due to the projected reduction in transaction volumes, is £9,917. However, the corresponding estimated reduction in income over the same period due to the adjustment in volumes and the proposed charges to users shown in Table 3 is £78,384, leading to a projected net overall reduction in budgeted income of £68,466 for 2017/18.

34. The charging structure historically approved by TEC for the provision of the variable parking services (excluding appeals) includes a contribution to overheads in each of the charges made to boroughs and other users for these services. This differential has been maintained in the proposed charges for 2017/18 and the TEC Executive Sub-Committee has recommended that the main TEC Committee approved the unit charges for the parking service it provides, as detailed in Table 3 above, at its meeting on 8 December.

Proposed revenue budget for 2017/18

35. Based on the proposed level of subscription and charges, as detailed in paragraphs 11-34 above, the proposed revenue budget position for 2017/18, is summarised in Table 4 below. A detailed breakdown of proposed expenditure and income is shown at Appendices A and B to this report.

Table 4 – Proposed revenue budget 2017/18

	Joint Committee	Grants Committee	TEC	Total
	£000	£000	£000	£000
Indicative Expenditure	9,183	8,744	368,993	386,920
Central Recharges	293	155	82	530
Total Expenditure	9,476	8,899	369,075	387,450
Indicative Income	(5,993)	(8,668)	(368,447)	(383,108)
Use of Reserves	(1,513)	(231)	(628)	(2,372)
Sub-total	(7,146)	(8,899)	(369,075)	(385,480)
Central Recharges	(1,970)	-	-	(1,970)
Total Income	(9,476)	(8,899)	(369,075)	(387,450)
Indicative Net Position	-	-	-	-

36. The detailed breakdown of the proposed budgets for the Joint Committee, Grants Committee and TEC funding streams for 2017/18 is outlined in paragraphs 37-52 below.

Grants Committee

37. The provisional position for the Grants Committee for 2017/18 is as follows:

Table 5 – Indicative Grants Committee budget movements for 2017/18

	£000
Expenditure:	
Revised budget 2016/17	10,486
Proposed budget 2017/18	8,899
Budget Movement	(1,587)
Income	
Revised budget 2016/17	(10,486)
Proposed budget 2017/18	(8,899)

Budget Movement	1,587
Net Budget Movement	-
Developments - expenditure:	
Reduction in payments to commission in respect of Priority 4	(1,332)
Funding of City Bridge Trust support	75
Reduction in repayment to boroughs	(330)
Total	(1,587)
Developments - income:	
Reduction in borough subscription	1,332
Transfer from reserves	255
Total	1,587
Net Budget Movement	-

38. The proposed budget figures for 2017/18, therefore, represent :

- A core, pan-London scheme of commissioned services to meet service priorities agreed by the Leaders' Committee in March 2016, following recommendations from the Grants Committee, of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- An additional gross sum of £1.88 million relating to a continuance of the current S.48/ESF commissioned services;
- An indicative gross commissions payments budget, therefore, of £8.113 million;
- A sum of £75,000 to fund a post to work with the City Bridge Trust to provide leadership and infrastructure support to the third sector, funded from uncommitted S.48 reserves;
- A provision for grants administration of £555,000. This comprises of a sum of £435,000, or 6.5% (or 4.2% excluding central recharges of £155,000) of the boroughs' grants budget of £6.233 million, reflecting the actual cost of the current monitoring arrangements for commissions, plus 5.99% of the £2 million gross S.48/ESF commissions, amounting to £120,000 (which reflects the more complex monitoring arrangements of the ESF commissions);
- Borough contribution of £7.668 million and ESF grant income of £1 million to fund the total expenditure requirement of £8.668 million (excluding borough repayment and City Bridge Trust support); the borough contribution of £7.668 million will be apportioned in accordance with the ONS 2015 mid-year population data; and

- A proposed transfer from uncommitted S.48 Grants Committee reserves of £156,000 to fund a repayment to boroughs, also apportioned in accordance with the ONS 2015 mid-year population data.

Transport and Environment Committee

39. Excluding the position for the payments to transport operators in respect of the Freedom Pass and Taxicard, which are dealt with in paragraphs 41-51 below, the provisional position for TEC for 2017/18 is detailed in Table 6 below:

Table 6 – Indicative TEC budget movements for 2017/18

Expenditure:	£000
Revised budget 2016/17	12,264
Proposed budget 2017/18	12,045
Budget Movement	(219)
Income	
Revised budget 2016/17	(12,264)
Proposed budget 2017/18	(12,045)
Budget Movement	219
Net Budget Movement	-
Developments – expenditure:	
Increase in Freedom Pass administration	95
Decrease in Taxicard administration	(5)
Decrease in Lorry Control administration	(3)
Reduction in London Tribunals administration	(60)
Increase in Health Emergency Badge administration	9
Increase in non-operational staffing costs	17
Volumes changes – adjudicators fees	(200)
Volume changes – Northgate variable costs	(74)
Increase in other running costs	4
Increase in central recharges	8
Reduction in IT systems development budget	(50)
Sub-Total	(259)
Inflation:	
1% increase on salary costs	31
2% increase in Northgate contract costs	9
Budget Movement on expenditure	(219)
Developments – income:	
Volumes changes – appeals income	378
Volume changes – other parking services income	78
Increase in income for replacement Freedom Passes	(50)
Increase in income from Lorry Control PCNs	(50)
Reduction in income for replacement Taxicards	12

Increase in income for fixed parking costs	(164)
Proposed reduction in transfer from general reserve	15
Budget Movement on income	219
Net Budget Movement	-

40. The proposals for the level of subscription and charges for TEC related services in 2017/18, which is detailed in paragraphs 20-34 of this report provide the reasoning for the majority of the budget movements detailed in Table 6.

Freedom Pass

41. The main settlement with TfL for concessionary travel on its service is estimated to be £324.181 million, representing a provisional reduction of £9.759 million, or 2.92%, on the figure of £333.94 million for 2016/17. This represents a reduction of £9.759 million, or 2.92%, on the figure of £333.94 million for 2016/17. The reduction is made up of several elements:

- a 1.27% reduction in journey numbers across all modes;
- a 0.74% increase attributed in a change to the commission rate used by TfL¹;
- a 2.14% decrease due to the introduction of the hopper fare;
- a 0.8% increase in the travel card element (not covered by the Mayor's fares freeze) of the basket of fares used to calculate average fares; and

42. The above elements represent a 1.86% reduction on a like for like basis compared with the 2016/17 settlement. In addition, officers negotiated a 1.08% (£3.64 million) retrospective adjustment in respect of the 2016/17 settlement to account for the introduction of the new hopper fare in September 2016. Together, these elements account for the 2.92% reduction in the TfL element of next year's settlement.

43. The budget in respect of the Association of Train Operating Companies (ATOC) has been provisionally increased by £352,000 to £18.872 million to take into account the anticipated settlement for 2017/18, an increase of 1.9 % (reflecting the July 2016 RP1 figure) on the figure of £18.52 million for the current year.

¹ The Freedom Pass settlement calculation takes account of the commission TfL pays to merchants who sell travel cards and process Oyster Card payments (cost of sales). However, with the introduction and increasing use of contactless payment, the amount of commission paid by TfL to merchants is reducing. The effect of this is to increase TfL fares revenue and thereby increase the amount payable by boroughs in respect of the Freedom Pass scheme, which works on the principle of reimbursement for revenue foregone by the travel operators.

44. The budget for payments to other bus operators for local journeys originating in London has been maintained at the current year's level of £1.7 million, following projections for 2017/18, based on current claim trends being lodged by operators.
45. The budget for the freedom pass issuing costs was £1.518 million for 2016/17. For 2017/18, it is proposed that the budget remains at this level and continue to be reviewed each year in the light of immediate reissue numbers in the run up to the next substantive reissue exercise in 2020. For 2017/18, there are potential additional costs associated with the customer call centre operations contract, which will be covered by this budgetary provision.
46. For income in respect of replacement Freedom Passes, trends indicate that accrued income continues to exceed the approved budget of £550,000, so it is proposed to increase the income budget for replacement passes by £50,000 to £600,000. As stated in paragraph 22, the estimated cost of the Freedom Pass administration scheme will be fully funded by this income stream in 2017/18.
47. As agreed by TEC in December 2014, any annual surplus arising from both the freedom pass issuing costs budget of £1.518 million (paragraph 45 above) and replacement freedom passes income budget of £600,000 (paragraph 46 above) will be transferred to a specific reserves to accumulate funds to offset the cost of the next pass reissue exercise scheduled for 2020. The current balance on the specific reserve is £1 million, as detailed in Table 10 at paragraph 55.
48. Final negotiations on the actual amounts payable to operators will be completed in time for the meeting of the main TEC Committee on 8 December and any late variations to these provisional figures will be tabled at this meeting.
49. A summary of the provisional freedom pass costs for 2017/18, compared to the current year, can be summarised in Table 7 below:

Table 7 – Comparative cost of Freedom Pass 2017/18 and 2016/17

Estimated Cost of Freedom Pass	2017/18(£000)	2016/17(£000)
TfL Settlement	324,181	333,940
ATOC Settlement	18,872	18,520
Non TfL Bus Operators Settlement	1,700	1,700
Freedom Pass Issue Costs	1,518	1,518
Total Cost	346,271	355,678

50. The total cost of the scheme is fully funded by boroughs and the estimated cost payable by boroughs in 2017/18 is £346.271 million, compared to £355.678 million payable for 2016/17. This represents a reduction of £9.407 million or 2.64%.

Taxicard

51. TfL will provide an estimated fixed contribution of £9.963 million, inclusive of annual Taxicard tariff inflation of £195,000 (2%), compared to £9.781 million for 2016/17. At this stage, the total borough contribution towards the Taxicard scheme in 2017/18 is estimated to be £2.314 million, the same as for the current year, although the decision on boroughs' contributions is a matter for boroughs to take individually and will be confirmed in February 2017. The indicative budgetary provision for the taxicard trips contract with CityFleet Networks Limited, will, therefore, be an amalgam of the TFL and borough funding, equating to £12.277 million for 2017/18, a provisional increase of £195,000 on the revised budget of £12.083 million for the current year.

Joint Committee

52. The provisional position for the Joint Committee for 2017/18 is as follows:

Table 8 – Indicative Joint Committee budget movements for 2017/18

	£000
Expenditure:	
Revised budget 2016/17	8,989
Proposed budget 2017/18	9,476
Budget Movement	487
Income	
Revised budget 2016/17	(8,989)
Proposed budget 2017/18	(9,476)
Budget Movement	(487)
Net Budget Movement	-
Developments - expenditure:	
Net Salary pressures, including pay award	140
Reduction in repayment to boroughs	(495)
Establishing Challenge Implementation fund	525
Increase in Southwark Street business rates	162
Reprofiling of running costs budget to match recharge income	155
Total	487

Developments - income:	
Increase in central recharge income	(368)
Increase in income from tenants	(88)
Increase in income towards London Care Placement	(12)
Increase in use of reserves	(150)
Reduction in Grant income	131
Total	(487)
Net Budget Movement	-

53. The key elements included within the net budget movement are detailed below:

- **Salary pressures, including the pay award** – this covers the Joint Committee's share of pressures on employee costs that are emerging, including the 1% pay award payable from 1 April 2017. This adds £140,000 to the total annual payroll cost;
- **Establishing Challenge Implementation Fund** – a further recommendation in this report is to establish a resource to allow members to explore further some of the recommendations contained in the London Councils Challenge report, if desired. A fund of £525,000 is, therefore, proposed, to be funded by a transfer from uncommitted Joint Committee reserves. Whilst the application of this resource will be determined by members when further reflection on the Challenge report outcome is complete, it already appears likely that there will be a call for some earmarking of resource to:
 - Provide a limited amount of additional senior expertise to help to take forward specific projects – potentially on a time limited basis – in order to support members aspirations to play a stronger leadership role in key areas;
 - Strengthen resilience in identified areas of priority around seeking a greater role for boroughs in a reformed public sector landscape in London; and
 - Manage some of the potential implications of organisational change.

Clearly the application of such funding will depend upon members' further consideration of the Challenge report going into 2017. The progress on the use of this fund will be highlighted in the quarterly budget monitoring reports to the Executive during 2017/18 and any unused amounts will be returned to uncommitted reserves.

- **Increase in Southwark Street Business Rates** – the recent announcement by the Valuation Office Agency of a review of rateable values, effective from 1 April 2017,

means that there is a potential increase in Business Rates for the Southwark Street site of £162,000;

- **Reprofiling of running costs budgets** – in order to fully reflect potential central recharge income in the budgeted figures for 2017/18, a thorough review was undertaken to map expenditure from their source entry into the accounts through to their point of recharge. As a result, a number of centrally held budgets, in particular the support service SLAs with the City of London, had to be grossed up to reflect the correct accounting treatment. These adjustments are fully offset by the realisation of the additional recharge income, as detailed in the next paragraph;
- **Central recharge income** – as previously indicated, income budgets for certain elements of central recharge income have not been formally established in the base budget, particularly where there was some doubt over the longevity of the functions, which would dictate as to whether or not the income would materialise in full during any given financial period. Following the review of all transactions highlighted in the paragraph above, a greater proportion of this potential income can now be reflected in the budget, providing additional net income of £213,000;
- **Income from new tenants** – Additional income of £88,000 is expected to arise in 2017/18, primarily from the expansion of the space occupied by the London Pensions CIV on the ground floor at Southwark Street.
- **Increased income towards London Care Placements** – drawing in subscribers from outside of London is estimated to increase overall income for this service by £12,000;
- **Increase in proposed use of reserves** – the proposed transfer from Joint Committee reserves for 2017/18 is £1.513 million, a £150,000 increase on the figure of £1.363 million for the current year. This increase primarily relates to an additional £143,000 require to continue the operation of the YPES in 2017/18 following the possible cessation of LEP funding, which is highlighted in the next paragraph; and
- **Reduction in Grant income** – for planning purposes, it is recommended that the expectation of further funding from the LEP of £131,000 towards the YPES no longer be reflected in the original budget figures for 2017/18. This reflects informal GLA officer

observations on budgetary pressures going forward. If, after the LEP has been reconstituted under the new Mayor, a decision is made to reinstate the funding, this can be reflected in future budget monitoring reports presented to the Executive during the course of 2017/18.

Externally Funded Projects

54. In addition to the proposed expenditure of £387.45 million for largely borough funded activity, expenditure on activities financed through external contributions is currently projected to be in excess of £7 million in 2017/18, with funding being received through various external sources to fully fund the projects, ensuring no cost to boroughs. Once confirmation of continued funding into 2017/18 is received from funders over the coming months, budget plans for expenditure will be revised accordingly to ensure that they match the available funding.

Updated position on Reserves

55. The current position on the overall level of London Councils reserves is detailed in Table 10 below, which includes the forecast outturn position for the current year at the half-year stage:

Table 10 – Current Uncommitted Reserves

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
General Reserve at 31 March 2016	3,269	6,379	634	10,282
Specific/ESF Reserve at 31 March 2016	1,000	-	1,358	2,358
Total reserves at 31 March 2016	4,269	6,379	1,992	12,640
Committed in setting 2016/17 budget	(303)	(515)	-	(818)
One-off payment to boroughs 2016/17	(340)	(825)	(486)	(1,651)
Balances c/f into 2016/17	-	(23)	-	(23)
Provision for support to 3 rd sector via City Bridge	-	-	(38)	(38)
Borough ESF 2008-15 programme closure provision	-	(300)	-	(300)
Earmarked commitments for 2017/18 -2019/20	(1,000)	(606)	(1,885)	(3,491)
Forecast surplus/(deficit)				

2016/17	767	137	854	1,758
Uncommitted reserves	3,393	4,247	437	8,077

56. The current level of commitments from reserves, as detailed in Table 10, come to £6.321 million and are detailed in full in Table 11 below:

Table 11– Current Commitments from Reserves

	2016/17	2017/18	2018-20	Total
	£000	£000	£000	£000
Approved transfer from JC general reserves	164	-	-	164
Approved transfer from TEC general reserves	303	-	-	303
NOTIFY system developments	23	-	-	23
Accumulated YPES funds	150	150	456	756
Slippage of ESG grants funding	-	-	1,885	1,885
Repayment to boroughs from reserves	1,651	-	-	1,651
Support to the health transition process	201	-	-	201
2020 Freedom Pass reissue	-	-	1,000	1,000
ESF 2008-15 programme closure	300	-	-	300
Support to 3 rd sector via City Bridge Trust	38	-	-	38
Totals	2,830	150	3,341	6,321

57. After taking into account the budget proposals outlined in this report, the level of uncommitted reserves reduces to £5.705 million, as detailed in Table 12 below:

Table 12 - Estimated Uncommitted Reserves as at 1 April 2017

	Transport and Environment Committee (£000)		Joint Committee (£000)	Grants Committee (£000)		Total (£000)
	General	Specific	General	S.48	ESF	
Projected uncommitted reserves (Table 10)	3,393	-	4,247	437	-	8,077
Proposed repayment to boroughs	(340)	-	(330)	(156)	-	(826)
Proposal included in 2017/18 budget figures	(288)	-	(1,183)	(75)	-	(1,546)
Transfer to Specific Reserves	(1,000)	1,000	-			-
Estimated residual uncommitted reserves	1,765	1,000	2,734	206	-	5,705

58. For the Grants Committee, the Grants Executive in September 2013 agreed that the level of reserves to cover the S.48 borough funded commissions should be set at 3.75% of the budget, which will equate to £250,000 in respect of a proposed budget of £6.668 million for 2017/18. The forecast level of uncommitted reserves of £206,000 is, therefore, under this

benchmark at 3.09%, after taking into account the proposed return of £156,000 to boroughs. However, recent trends indicate that reserves are likely to be replenished to the desired benchmark level during 2017/18. For ESF/borough funded commissions, accumulated reserves of £1.808 million relate to the delayed start of the new 2016+ ESF programme and will be used in full over the three-year project period. The residual £77,000 relate to the expired 2013-15 ESF programme, the final accounts for which are nearing completion.

59. For TEC, forecast uncommitted reserves of £3.393 million as at 31 March 2017 reflects the forecast surplus of £767,000 for the current year.
60. After taking into account the proposed returned of £340,000 to boroughs and TfL in the form of a repayment, the proposed transfer of £1 million to a specific reserve (9th bullet point; paragraph 4) and the use of general reserves of £288,000 in setting the 2017/18 budget (all, subject to agreement of main TEC meeting on 8 December), uncommitted general reserves are forecast reduce to £1.765 million, or 15.1% of proposed operating and trading expenditure of £11.705 million. This figure equates the higher end of TEC's formal policy on reserves, agreed in November 2015 that reserves should equate to between 10-15% of annual operating and trading expenditure.
61. For the Joint Committee functions, uncommitted general reserves are projected to be £2.734 million if the proposals in this report are approved. In a period of continuing financial constraint for London local government, and as demonstrated in the recent past, there is continued value in holding a reasonable level of reserves as a contingency to fund further one-off incidences of expenditure and to explore additional key priorities identified by members during the course of the year, such as the outcome of the London Councils Challenge Process as well as continuing work on devolution and public sector reform and on the health and housing agendas.
62. Under existing CIPFA guidance, the Chief Financial Officer of an organisation is advised to make an annual statement on the adequacy of the level of an organisation's reserves. This is achieved by expressing the total level of estimated uncommitted reserves as a percentage of operating costs.
63. If the Leaders' Committee/TEC approves the use of uncommitted reserves of £2.372 million for 2017/18, plus the transfer of £1 million to specific reserves, as detailed in this report, residual uncommitted reserves would reduce to £4.705 million. This would represent 19.9%

of total operating and trading expenditure in 2017/18 of £23.673 million. On this basis, the Director of Corporate Resources is content to issue a positive statement on the adequacy of the residual London Councils reserves for 2017/18.

Conclusions

64. Following discussions with the members of the Executive and in advance of any budgetary implications arising from the outcome of the London Councils Challenge process, this report proposes the level of boroughs subscriptions and charges to be levied in 2017/18, together with the consolidated revenue income and expenditure budget for 2017/18. The report also updates members on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process and the timetable for the overall budget approval process.

65. These proposals involve:

- Containing budgetary pressures in 2017/18, including significant business rate increases and the 1% pay award, to allow the three core subscriptions to remain at the current year's level, which are:
 - The Joint Committee subscription of £161,958 per borough;
 - The TEC parking core administration charge of £1,500 per borough; and
 - Total grants administration costs of £555,000, equating to an average cost of £16,808 per borough.
- A reduction in the £8 million S.48 borough funded grants budget of £1.332 million. This is in accordance with the recommendation of the Grants Committee, which was approved by the Leaders' Committee in March 2016 to reduce funding towards the existing Priority 4 Capacity Building;
- The payment of £826,000 from uncommitted reserves to boroughs in 2017/18, an average repayment of £25,030 per borough;
- The creation of a Challenge Implementation Fund of £525,000 from uncommitted joint committee reserves;
- A proposed further transfer from TEC general reserves of £800,000 to fund the next Freedom Pass issue exercise in 2020 plus £200,000 to meet exploratory costs associated with the Ultra-Low Emissions Vehicles project; and
- A transfer from reserves of £293,000 to fund the YPES at its current level.

66. The total proposed savings and repatriation of funds to boroughs for 2017/18 amounts to £2.148 million, or an average of £65,090 per borough, which, for illustrative purposes, is an amount that equates to 40% of the level of the current Joint Committee subscription of £161,958. In addition, there is a reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18.
67. If agreed, the proposals contained in this report will increase the total accumulated benefit to boroughs since 2010/11 to £151 million (of which £109.1 million relates to payments to commissions made by the Grants Committee), equating to £4.577 million per borough.

Summary

68. This report proposes the level of boroughs subscriptions and charges to be levied in 2017/18, together with the consolidated revenue income and expenditure budget for 2017/18.
69. The subscription and budget proposals for 2017/18 relating to the Grants Committee, as contained in this report, were considered by the Grants Committee at its meeting on 23 November. The Grants Committee agreed to recommend that the Leaders' Committee approve the proposals as laid out in this report.
70. The subscription and budget proposals for 2017/18 relating to the Transport and Environment Committee were considered by the TEC Executive Sub-Committee under the Urgency Procedures and will be put before the full TEC meeting on 8 December for final approval. The Leaders' Committee is, therefore, asked to endorse the provisional TEC figures as laid out in this report.

Recommendations

71. The Leaders' Committee is asked to approve the following borough subscription and charges:
- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2017/18, no change on the charge of £161,958 for 2016/17. The City of London will pay £158,195, in recognition of the fact the City is not part of the regional Local Government Employers (LGE) arrangements (paragraphs 13-14);

- The proposed Joint Committee subscription for the MOPAC and the LFEPA of £15,410 for 2017/18, no change on the charge of £15,410 for 2016/17 (paragraph 15);
- An overall level of expenditure of £8.668 million for the Grants Scheme in 2017/18 (inclusive of £2 million gross ESF programme), compared to £10 million for 2016/17; and
- That taking into account the application of £1 million ESF grant, net borough contributions for 2017/18 should be £7.668 million, compared to £9 million for 2016/17 (paragraphs 16-20).

72. The Leaders' Committee is also asked to endorse the following subscription and charges for 2017/18 for TEC, which were considered by the TEC Executive Sub-Committee under the Urgency Procedures and which will be presented to the main TEC meeting on 8 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2016/17 - £1,500) (paragraph 20);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2016/17 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2016/17 - £338,182); (paragraph 23);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2016/17 – no charge) (paragraph 24);
- The Parking Enforcement Service Charge of £0.4915 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2015/16 (2016/17 - £0.4681 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £32.00 per appeal or £28.50 per appeal where electronic evidence is provided by the enforcing authority (2016/17 - £33.32/£29.90 per appeal). For hearing Statutory Declarations, a charge of £26.74 for hard copy submissions and £26.08 for electronic submissions (2016/17 - £28.17/£27.49 per SD) (paragraphs 29-30);

- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2016/17, in accordance with the new contractual arrangements with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.31 per transaction (2016/17 - £7.31) (paragraphs 32-34, Table 3);
- The TRACE (Fax) Charge of £7.48 per transaction (2016/17 - £7.48) (paragraphs 32-34, Table 3); and
- The PEC Charge of £0.17 per transaction (2016/17 - £0.17) (paragraphs 32-34, Table 3).

73. On the basis of the above proposed level of subscriptions and charges, the Leaders' Committee is asked to approve:

- The provisional consolidated revenue expenditure budget for 2016/17 for London Councils of £387.45 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2016/17 for London Councils of £387.45 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Council reserves of £2.372 million in 2017/18, inclusive of the proposed £826,000 repatriation to borough in 2017/18, as detailed in paragraph 4 and Table 12 at paragraph 57.

74. The Leaders' Committee is also asked to note:

- The reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18; (paragraphs 41-50);
- The position in respect of forecast uncommitted London Council reserves as at 31 March 2017, as detailed at paragraphs 55-61; and
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 62-63.

Financial Implications for London Councils

As detailed in the body of the report.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

- Appendix A – the provisional consolidated revenue expenditure budget for London Councils for 2017/18;
- Appendix B – the provisional consolidated revenue income budget for London Councils for 2017/18.

Background Papers

London Councils budget working papers 2010/11 to 2017/18

Appendix A

Proposed Consolidated Expenditure Budget
2017/18

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
TfL	0	0	324,181	324,181
ATOC	0	0	18,872	18,872
Other Bus Operators	0	0	1,700	1,700
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	484	484
Comcab	0	0	12,277	12,277
Taxicard Administration	0	0	527	527
Sub-Total	0	0	359,559	359,559
Payments for commissioned services	0	6,173	0	6,173
Payment to London Funders Group	0	60	0	60
City Bridge Trust support	0	75	0	75
ESF grant payments	0	1,880	0	1,880
TEC Trading Account Expenditure				
Payments to Adjudicators	0	0	1,173	1,173
Payments to Northgate	0	0	518	518
Payments to Northampton County Court	0	0	3,000	3,000
Lorry Control Administration	0	0	673	673
ETA/RUCA Administration	0	0	2,769	2,769
HEB Income	0	0	43	43
Sub-Total	0	0	8,175	8,175
Total Direct Services	0	8,188	367,735	375,923
Operating Expenditure				
Contractual Commitments				
Capital Ambition legacy project costs	265	0	0	265
YPES Regional/Provider Activities	50	0	0	50
Southwark Street Leasehold Costs	1,134	0	0	1,134
Leases for photocopiers	35	0	0	35
GLE European Contract	66	0	0	66
Northgate Fixed Costs	0	0	89	89
External audit fees	39	2	0	41
CoL Finance/Legal/HR/IT SLA	436	13	0	449
Depreciation	203	0	0	203
Grants GIFTS system support	0	10	0	10
Sub-Total	2,228	25	89	2,342
Salary Commitments				
Officers	4,264	349	626	5,239
Members	169	19	19	207
Maternity provision	50	10	30	90
Sub-Total	4,483	378	675	5,536
Discretionary Expenditure				
Staff training/recruitment advertising	105	6	0	111
Staff travel	14	2	0	16
Other premises costs	268	0	0	268
SS ICT support	58	0	0	58
Supplies and service	572	42	114	728
Research	600	0	40	640
One-off payments to boroughs	330	156	340	826
Challenge Implementation Fund	525	0	0	525
Sub-Total	2,472	206	494	3,172
Total Operating Expenditure	9,183	609	1,258	11,050
Central Recharges	293	102	82	477
Total Expenditure	9,476	8,899	369,075	387,450

Appendix B

Proposed Consolidated Income Budget 2017/18

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	324,181	324,181
Borough contributions to ATOC	0	0	18,872	18,872
Borough contributions to other bus operators	0	0	1,700	1,700
Borough contributions to surveys/reissue costs	0	0	1,518	1,518
Borough contributions to freedom pass administration	0	0	0	0
Income from replacing lost/faulty freedom passes	0	0	600	600
Income from replacing lost/faulty taxicards	0	0	24	24
Borough contributions to Comcab	0	0	2,314	2,314
TfL contribution to Taxicard scheme	0	0	9,963	9,963
Borough contributions to taxicard administration	0	0	326	326
TfL Contribution to taxicard administration	0	0	118	118
Sub-total	0	0	359,616	359,616
Borough contribution to grants payments	0	7,268	0	7,268
ESF Grant Income	0	1,000	0	1,000
Sub-total	0	8,268	0	8,268
TEC trading account income				
Borough contributions to Lorry ban administration	0	0	0	0
Lorry ban PCNs	0	0	800	800
Borough parking appeal charges	0	0	957	957
TfL parking appeal charges	0	0	238	238
GLA Congestion charging appeal income	0	0	313	313
Borough fixed parking costs	0	0	2,190	2,190
TfL fixed parking costs	0	0	214	214
GLA fixed parking costs	0	0	454	454
Borough other parking services	0	0	484	484
Northampton County Court Recharges	0	0	3,000	3,000
Sub-total	0	0	8,650	8,650
Sub-Total	0	8,268	368,266	376,534
Core borough subscriptions				
Joint Committee	5,081	0	46	5,127
Grants Administration	0	400	0	400
TEC (inc TfL)	0	0	51	51
LFEP/MPA subscription	33	0	0	33
Sub-total	5,114	400	97	5,611
Other Borough charges				
Borough contributions towards LCP functions	353	0	0	353
Borough contributions towards YPES functions	180	0	0	180
Borough contributions to HR Metrics service	82	0	0	82
Sub-total	615	0	0	615
Other Income				
DFE grant towards YPES direct costs	0	0	0	0
LEP funding towards YPES direct costs	0	0	0	0
Investments	75	0	0	75
Room bookings and conferences	125	0	0	125
Deskspace charge to funded groups	370	0	0	370
Sales of publications	18	0	0	18
Employment services trading account income	38	0	0	38
TfL secretariat recharge	0	0	41	41
Sales of Health Emergency badges	0	0	43	43
Miscellaneous income	8	0	0	8
Sub-total	634	0	84	718
Transfer from Reserves	1,513	231	628	2,372
Central Recharges	1,600	0	0	1,600
Total Income Base Budget	9,476	8,899	369,075	387,450

Leaders' Committee

Appointments

Item no 10

Report by: Derek Gadd **Job title:** Head of Governance
Date: 6 December 2016
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** derek.gadd@londoncouncils.gov.uk

Summary: Changes to Leaders' Committee sub-committees such as the Executive (including its substitutes), the Capital Ambition Board and the Audit Committee and the appointment of party group leads must be made by Leaders' Committee.

Recommendations: Leaders' Committee is recommended to:

- Agree to the replacement on the Capital Ambition Board and Audit Committee of Cllr Jas Athwal (Labour, Redbridge) by Cllr Fiona Colley (Labour, Southwark). These changes to take effect on 1st January 2017;
- Appoint Cllr Denise Hyland (Labour, RB Greenwich) as the Labour Party lead on Health and Children's Safeguarding;
- Make any further appointments of party group leads that were not made at the AGM and agree the posts and responsibilities set out in the grid attached as Appendix 1
- Appoint any additional substitutes for the Executive that may be required.

Changes to committee membership

1. Changes to Leaders' Committee sub-committees such as the Executive (including its substitutes), the Capital Ambition Board and the Audit Committee and the appointment of party group leads must be made by Leaders' Committee.
2. Leaders' Committee is recommended to:
 - Agree to the replacement on the Capital Ambition Board and Audit Committee of Cllr Jas Athwal (Labour, Redbridge) by Cllr Fiona Colley (Labour, Southwark). These changes to take effect on 1st January 2017;
 - Appoint Cllr Denise Hyland (Labour, RB Greenwich) as the Labour Party lead on Health and Children's Safeguarding;
 - Make any further appointments of party group leads that were not made at the AGM and agree the posts and responsibilities set out in the grid attached as Appendix 1;
 - Appoint any additional substitutes for the Executive that may be required.

Appendix - Lead Members and Portfolios – 2016/17

Financial Implications for London Councils

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

Legal Implications for London Councils

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

Equalities implications for London Councils

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

Item 10 - Appendix One: Lead Members and Portfolios – 2016/17

Policy area	Portfolio holder/Chair	Party lead (Labour)	Party lead (Conservative)	Other (LD unless stated otherwise)
Chair including: <ul style="list-style-type: none"> Finance and Resources Devolution and Public Service Reform Overall Strategy Welfare Reform 	Cllr Claire Kober		Cllr Teresa O'Neill OBE	
Health and Child Safeguarding	Cllr Kevin Davis	Cllr Denise Hyland		
Adult Services	Cllr Ray Puddifoot MBE	Cllr Richard Watts		
Housing	Mayor Sir Steve Bullock		Cllr Ravi Govindia	
Business, Skills and Brexit (including work and employment and schools)	Cllr Peter John		Cllr Teresa O'Neill OBE (Skills) Cllr David Simmonds CBE (Schools)	
Crime and Public Protection	Cllr Lib Peck		Cllr Richard Cornelius	
Greater London Employment Forum	Cllr Doug Taylor		Cllr Angela Harvey	Cllr Richard Clifton
Transport and Environment	Cllr Julian Bell	Cllr Feryal Demirci	Cllr Timothy Coleridge	Cllr Jill Whitehead
Capital Ambition	Mr Edward Lord (City)	Cllr Stephen Alambritis; Cllr Jas Athwal (until 31/12/16); Cllr Fiona Colley (from 1/1/17)	Cllr David Simmonds CBE Cllr Nicolas Paget-Brown	
Audit Committee	Cllr Roger Ramsey	Cllr Stephen Alambritis; Cllr Jas Athwal (until 31/12/16); Cllr Fiona Colley (from 1/1/17)		Roger Chadwick (City) Cllr Simon Wales
Grants	Cllr Paul McGlone	Cllr Forhad Hussain	Cllr Stephen Carr	Cllr Simon Wales
Equalities	Cllr Sarah Hayward			
City Development (including infrastructure, planning, high streets, leisure, arts, sport)	Cllr Darren Rodwell		Cllr Ravi Govindia (Infrastructure/planning) Cllr Kevin Davis (Arts)	
Pensions CIV Sectoral Joint Committee	Mark Boleat	Cllr. Yvonne Johnson	Cllr. Maurice Heaster	

Elected Officers for Leaders' Committee: Chair-Cllr Kober; Deputy Chair – Cllr John; Vice Chairs – Cllr O'Neill, Cllr Dombey, Mr Boleat

Group Whips

Cllr Clyde Loakes, Cllr Ravi Govindia

Substitutes *Labour*: Exec: Cllr Clyde Loakes (Waltham Forest), Cllr Doug Taylor (Enfield); *CAB and Audit*: Cllr Paul McGlone (Lambeth), Cllr Theo Blackwell (Camden). *Conservative* *Exec* Cllr Ravi Govindia (Wandsworth),. *Audit*: Cllr Damian White (Havering), *CAB*: Cllr Kevin Davis (Kingston).

Leaders' Committee

Summaries and Minutes

Item no: 11

Report by: Derek Gadd **Job title:** Head of Governance
Date: 6 December 2016
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary Summaries of the minutes of London Councils

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

- GLEF – 29 June 2016
- Audit Committee – 22 September 2016
- TEC – 13 October 2016
- YPES – 10 November 2016

Leaders' Committee

Report from the Greater London Employment Forum – 11 February 2016

Item no:

Report by: Selena Lansley **Job title:** Head of London Regional Employers Organisation
Date: 6 December 2016
Contact Officer: Selena Lansley
Telephone: 020 7934 9963 **Email:** Selena.lansley@londoncouncils.gov.uk

Summary: Summary of the minutes of the Greater London Employment Forum held on 29 June 2016

Recommendations: For information.

In Attendance: Cllr Laila Butt (Barking & Dagenham), Cllr Colin Tandy (Bexley), Cllr Alison Kelly (Camden), Cllr Doug Taylor (Chair) (Enfield), Cllr Ben Coleman (Hammersmith & Fulham), Cllr Philip Corthorne (Hillingdon), Cllr Andy Hull (Islington), Cllr Adrian Garden (Lambeth), Cllr David Michael (Lewisham), Cllr David Marlow (Richmond), Cllr Fiona Foley (Southwark), Cllr Simon Wales (Sutton), Cllr Guy Senior (Wandsworth), Cllr Angela Harvey (Westminster), Vicky Easton (UNISON), Sean Fox (UNISON), Maggie Griffin (UNISON), Gloria Hanson (UNISON), Danny Judge (UNISON), Mary Lancaster (UNISON), Jackie Lewis (UNISON), Sue Plain (UNISON), Jon Rogers (UNISON), Kim Silver (UNISON), Janet Walker (UNISON), Gary Cummins (Unite), Dave Powell (GMB), Wendy Whittington (GMB) and Vaughan West (GMB).

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

1. Apologies for Absence: Cllrs B Turner, Irma Freeborn and Laila Butt (Barking & Dagenham), Cllr Mashari (Brent), Cllrs Tim Stevens and Diane Smith (Bromley), Cllr Theo Blackwell (Camden), Cllr Mark Watson (Croydon), Cllr Yvonne Johnson (Ealing), Cllr Kiran Ramchandani (Harrow), Cllr Paul Watson (Kensington & Chelsea), Cllr Paul McGone (Lambeth), Cllr Kevin Bonavia (Lewisham) and Cllr Ken Clark (Newham), Simon Steptoe (UNISON), April Ashely (UNISON), Danny Hogan (Unite), Penny Robinson (GMB) and Peter Murphy (GMB).

2. Election of Chair and Vice-Chair for 2016-17: Sue Plain (UNISON) was elected Chair of GLEF for 2016-17. Doug Taylor (Enfield) was elected Vice Chair.

3. Confirmation of GLEF Membership 2016-17: GLEF membership for 2016-17 was agreed and noted.

Employers' Side

Borough	Rep	Party	Deputy	Party
Barking & Dagenham	Bill Turner	Lab	Irma Freeborn	Lab
Barnet	Richard Cornelius	Con	Daniel Thomas	Con
Bexley	Colin Tandy	Con	Linda Bailey	Con
Brent	Roxanne Mashari	Lab	Margaret McLennan	Lab
Bromley	Tim Stevens J.P.	Con	Diane Smith	Con
Camden	Theo Blackwell	Lab	Maeve McCormack	Lab
Croydon	Mark Watson	Lab	Simon Hall	Lab
Ealing	Yvonne Johnson	Lab	Cllr Hynes	Lab
Enfield	Doug Taylor	Lab	Dino Lemonides	Lab
Greenwich	Chris Kirby	Lab		
Hackney	Philip Glanville	Lab	Carole Williams	Lab
Hammersmith & Fulham	Ben Coleman	Lab		
Haringey	Ali Demirci	Lab	Claire Kober	Lab
Harrow	Kiran Ramchandani	Lab	Graham Henson	Lab
Havering	Osman Dervish	Con	Melvin Wallace	Con
Hillingdon	Philip Corthorne	Con		
Hounslow	Ajmer Gewal	Lab		
Islington	Andy Hull	Lab		
Kensington & Chelsea	Gerard Hargreaves	Con		
Kingston upon Thames	David Glasspool	Con	David Cunningham	Con
Lambeth	Paul McGlone	Lab	Jack Hopkins	Lab
Lewisham	Kevin Bonavia	Lab	Joe Dromey	Lab
Merton	Mark Allison	Lab	Nick Draper	Lab
Newham	Ken Clark	Lab	Lester Hudson	Lab
Redbridge	Kam Rai	Lab	Jas Athwal	Lab
Richmond upon Thames	David Marlow	Con		
Southwark	Fiona Colley	Lab	Johnson Situ	Lab
Sutton	Simon Wales	LD		
Tower Hamlets	David Edgar	Lab		
Waltham Forest	Peter Barnett	Lab	Gerry Lyons	Lab
Wandsworth	Cllr Guy Senior	Con		
Westminster	Angela Harvey	Con		
City of London	Revd Stephen Decatur Haines MA Deputy		Edward Lord, OBE, JP	

UNISON: Vicky Easton, Sean Fox, Maggie Griffin, Gloria Hanson, Danny Judge, Mary Lancaster, Jackie Lewis, Neville McDermott, Sue Plain, Jon Rogers, Kim Silver, Helen Steele, Simon Steptoe, Janet Walker, April Ashley, Julie Kelly (in attendance)

UNITE: Onay Kasab, Gary Cummins, Danny Hogan, Susan Matthews, Kath Smith, Jane Gosnell, Pam McGuffie, Mick Callanan

GMB: Dave Powell, Eileen Theaker, Wendy Whittington, Penny Robinson, Peter Murphy, Vaughan West.

4. Minutes of the Meeting held on 11 February 2016: The minutes of the meeting held on 11 February 2016 were agreed as a correct record.

5. Matters Arising: Item 5 – Children’s Social Worker Memorandum of Cooperation

(MoC): The Chair raised concern that there were reports that LB Barnet who have signed the MoC s are not going to continue as they wish to do some things differently. The question was asked if London Councils had any knowledge of this?

Selena Lansley (Employers Side Secretary) responded that London Councils were not aware of this issue but would investigate.

The Chair enquired what the state of play is around the retention side and references to employers sharing good practice i.e. working with the LGA regarding employment standards. It was suggested that each borough undertake its own health check?

Selena Lansley (Employers Side Secretary) responded that the MoC is where 31 of the London boroughs have signed up to an informal agreement. With regards to the LGA championed Social Worker Employers Standards the work is mostly being undertaken at local level.

Selena Lansley offered to invite the Head of HR leads for the MoC to attend the next GLEF meeting to give an update. Colleagues in attendance agreed that would be very useful.

6. London Collective Investment Vehicle (CIV) Update – Lord Kerslake (Non-Executive Chair, London CIV) and Hugh Grover (Chief Executive, London CIV): Lord Kerslake reported the following headlines:

- He undertook the role of Chair of London CIV in September 2015 and the CIV has made really good progress over the past year.
- The Board had been recruited in the late summer / early autumn of 2015, the fund had received FCA authorisation in November 2015 and the core team had been recruited.
- Only one borough is currently not involved in CIV but discussions are currently taking place with the aim of them coming on board in the next few months.
- The first sub-fund had opened on 2 December. Two more sub-funds opened in February and April taking total assets under management (AUM) to more than £1.7 billion with over £1 million per annum of fund manager fee savings for the 11 boroughs invested.
- Two more sub-funds will open by the end of June, adding a further £500 million to the AUM, and the aim is to open a further 9 sub-funds by the end of this year. Once all of these sub-funds are open the total AUM will be around £8 billion with approximately £4 million per annum of fund manager fee savings.
- Important that this is a regulated fund with strong oversight from the boroughs themselves.

CIV was set up ahead of the government’s changes. The CIV wants to be the investment vehicle of choice for the London boroughs. There is a government ambition to have 6 or 7 pools across the country.

Danny Judge (UNISON) reported that he sits on Lambeth’s Pension Board and so understands the value of being involved in this Board. He explained how positive the experience has been in jointly establishing Boards through the LGPS. He went onto highlight his concerns as the government’s agenda had now changed things and it appeared now to the unions that there is a deficit at CIV level in being able to represent members, as

in his view the scheme members' do not have a voice at the London level. London Councils Joint Committee has been established which he understood comprises of one nominated councillor from each participating borough so the unions' would like to ask the London boroughs to consider how best scheme members can participate at Board level?

The trade unions' find it unsatisfactory that they currently do not have a voice and would hope the Employers Side and trade unions' can talk about how best they represented their members interests as part of the CIV arrangements.

Lord Kerslake responded that they are very much at the early stages and would see that input from the trade unions' would come through at individual borough level. Representatives on the Joint Committee would be a matter for the London boroughs to consider. He will suggest this receives consideration.

Lord Kerslake offered to attend future meetings to keep the communication open whether at GLEF or at individual borough pension boards.

Hugh Grover informed colleagues that there are some constitutional issues at London Councils and it would not be possible for a member of the scheme to be part of the Joint Committee. Hugh agreed to raise the issue with the Chair and two Vice-Chairs.

The Chair raised concern that the government had referred to pension funds as a 'wealth fund' in relation to future infrastructure investment. The question was asked if the government had identified projects that might be funded nationally or just in London?

Lord Kerslake responded that each fund is responsible for considering its liabilities and obligations. Any imposed decision on infrastructure could undermine the accountability and responsibility of the fund. Decisions would continue to be made on their own merit in the same way as investment decisions are made now. If the CIV agreed to make an infrastructure investment it would do so in collaboration with investing boroughs and only if there was a good deal. As yet, the CIV has not invested in any infrastructure. If we did we would need to look at what the benefits there would be for London.

Sean Fox (UNISON) mentioned that there was currently uncertainty in the markets and concern that Brexit be taken into account when revaluations are undertaken this year.

Cllr Andy Hull (Islington) highlighted the size of boroughs investment in the CIV and asked if the CIV was going to implement the LAPFF guidance and the current thinking around the CIV's future LAPFF engagement?

Lord Kerslake responded that CIV will certainly follow the guidance and look at how it can become more active and involved in the future.

Hugh Grover added that a sub-group of the member Joint Committee was being set up which will explore how best the CIV operates within the LAPFF and delivers its stewardship responsibilities overall. The member sub-group will report back to the Joint Committee and then it will be for the Joint Committee to decide on what option(s) to go with regarding future operating practices.

Mary Lancaster (UNISON) commended the joint report as it clearly set out how the CIV was structured, main purpose and benefits and went on to recommend that it is made available to all members.

The Chair gave whole hearted thanks to Lord Kerslake for giving up his time to come and talk to GLEF.

7. Apprenticeships in London Authorities: Jo Clemente, Head of Organisational Development, LB Enfield presented the apprenticeship programme run in Enfield (attached for information).



Cllr Simon Wales (Sutton) enquired whether Enfield involved members in their programme? Sutton has a member shadowing programme.

Jo responded that members are involved in the scheme and the borough runs a political awareness training programme.

Cllr Angela Harvey (Westminster) asked that as people will be working longer whether Enfield had any plan to offer apprenticeships for people who they wanted to re-train and re-skill?

Jo responded by confirming that with the introduction of the levy this is definitely an area Enfield will be looking to do further work on.

Cllr Alison Kelly (Camden) congratulated Enfield on their apprenticeship programme and mentioned that Camden also run a very successful scheme but find it increasingly difficult to recruit women whose first language is not English.

Jo responded that Enfield also find this a difficult group to recruit.

Jane Harrison (London Councils) agreed to research whether there is any support for boroughs that already exists for this group.

Cllr Adrian Garden (Lambeth) enquired about the total number of apprenticeships offered and how the characteristics of recruits compared with the demography of the borough?

Jo responded that the overall comparison was good due to the hard worked and focus they have had. The number of applicants is not as high as they would like, explaining that they market the programme regularly including visiting schools to promote the offer. Jo informed the meeting that in the main the young people already part of the programme help to recommend it to their peers and so are recruiting for us.

Cllr Colin Tandy (Bexley) enquired whether Enfield apply a selection criteria when accepting candidates?

Jo responded that this can vary on the framework. Some programmes require candidates to have 3-5 GSE's to apply. Where applicants have less GSE's Enfield look at the pre-apprenticeship framework which is a route of study.

Danny Judge (UNISON) asked if there were any financial implications involved for apprenticeships which might be an incentive/dis-incentive?

Jo responded highlighting the key points below:

- No cost to the young person
- Join the organisation on a set salary
- A year long programme apart from the parks framework which runs for 18 months

- No cost to the council for the qualification although there are some areas where this is not the case. Where an individual is 24 years there is a cost as the government currently do not provide funding for this group.

Vicky Easton (UNISON) asked whether Enfield paid the LLW to apprenticeships and if any work with apprenticeships had been undertaken in schools?

Jo responded that Enfield actively speak to schools who take on apprenticeships to do teaching assistant and administration roles. These can be harder to manage as in a school environment young apprentices could be compared or seen more like pupils.

Jo confirmed that Enfield pays the LLW and undertook a strong marketing campaign to promote this.

Jackie Lewis (UNISON) enquired whether any analysis had been undertaken in relation to gender? It was highlighted by younger UNISON members at a recent conference that some apprentices had been victims of bullying. Has there been any good practice produced on managing apprenticeships appropriately?

Jo responded that in terms of gender mix there had been no specific analysis undertaken but this could be done. In terms of bullying, no incidents as yet have been reported within Enfield.

Jane Harrison (London Councils) highlighted the following from Item 7, Apprenticeships report:

- The paper focused on the government's manifesto
- Apprenticeship target for local authorities
- Legal protection for the term 'apprenticeship'
- Development of new apprenticeship standards led by groups of employees.

The target is likely to take affect from April 2017 for public bodies who have more than 250 employees. For local authorities the target is approximately 4,600 apprenticeships every year.

London Councils have lobbied the government to get them to recalculate targets on the basis that school staff should not be included as councils do not have control over recruitment. There should be a separate target for boroughs and schools. Boroughs should also be able to spend the levy within their supply chains.

London historically has quite low apprenticeship levels directly employed within the boroughs but is likely to have a concentration of contracted out businesses paying the levy. There is a risk therefore that any unspent levy funding could be lost across London.

The target currently set is so large that the recommended focus should be on what will be effectively rather than how boroughs meet the target.

Cllr Andy Hull (Islington) confirmed his understanding that currently the way the government is looking at this is that schools will be included but not contractors.

Jane responded that as it is based on headcount data, contractors are not being included. The target is not connected to the levy. If we do not reach the targets then it is a slap on the wrists there is currently no known sanction.

Sean Fox (UNISON) mentioned that most local authorities struggle to retain staff and asked if the levy could be used for those just aged up to 24 years?

Jane responded that it is currently not clear that boroughs can do this.

The Chair thanked Jo and Jane for coming to speak to GLEF today, emphasizing the importance of apprenticeships to London local government.

8. GLPC Job Evaluation Refresh Update: Selena Lansley (Employers Side Secretary) informed colleagues that the light touch refresh of the GLPC Job Evaluation scheme (agreed last year by all boroughs along with the 3 Union Side GLPC Joint Secretaries) has been approved and will be published shortly. The scheme is widely used in London and across the UK.

The revised scheme has been shared with boroughs (via Heads of HR Network). The next stage is to launch the new materials this month (July) onto the London Councils website as well as contacting all existing GLPC licence holder clients individually to highlight the refreshed scheme.

Selena Lansley thanked union colleagues for their help and support on this piece of work.

Vicky Easton (UNISON) informed colleagues that the next phase will be training. On the trade unions' side the training has been significantly depleted so we would like to re-instate this.

Selena Lansley responded that she is happy to discuss outside of this meeting.

9. Any Other Business: Jackie Lewis (UNISON) informed colleagues that Amnesty International had issued a statement due to the surge in racial attacks following our withdrawal from Europe on 23 June. The unions' would like to raise as an urgent call that local authorities sign up to and issue a joint statement with unions condemning any form of racial abuse.

Cllr Angela Harvey (Westminster) stated that the situation is dreadful and horrible and that it is happening in London known to be a welcoming city. Highlighting that this central government issue needed to be supported by all boroughs like Westminster who will be reassuring residents.

Cllr Fiona Colley (Southwark) –reported that she had already received numerous emails from residents and Southwark are shocked and saddened that residents are experiencing racial abuse. Cabinet are going to produce a statement.

Cllr Alison Kelly (Camden) reported that their Leader is working with Cabinet members to give a unified response.

Cllr Ben Coleman (Hammersmith & Fulham) reported that following the attack on the Polish entrepreneur reported on the news the borough has put out assistance to residents.

Cllr Andy Hull (Islington) reported that an emergency motion meeting has been called where a statement will follow.

Cllr Simon Wales (Sutton) reported that no council meetings for a while but the Leader issued a statement on 28 July.

Cllr David Michael (Lewisham) –The Brexit result has stirred up racism.

Gary Cummins (Unite) informed colleagues that Unite have made statements on behalf of the union and the community. Racial attacks have never gone away but there seems to be more confidence in people with certain views taking inappropriate action.

A request was made by the union side to ask London Councils Leaders to do a joint statement with the trade unions' so that individual councils could publish this.

Cllr Andy Hull (Islington) – requested that GLEF produce a joint statement stating that we do not tolerate any form of racial abuse.

Cllr Doug Taylor (Vice Chair) agreed that following this meeting the Leader of London Councils and Vice Chairs produce a statement.

Following the meeting the attached was statement was produced.



Microsoft Word 97 -
2003 Document

The next step is for GLEF Employers Side and trade unions' to agree and publish a joint statement to London boroughs.

The meeting was concluded at 13.19

8. Date of Next Meeting: Thursday 9 February 2017

Group Meeting: 10am

Joint Meeting: 11.30

GLEF AGM

Tuesday 13 June 2017

Group Meeting: 10am

Joint Meeting: 11.30

Minutes of the Meeting of the Audit Committee 22 September 2016

Cllr Roger Ramsey was in the Chair

Members Present:

Cllr Roger Ramsey (LB Havering)
Cllr Simon Wales (LB Sutton)
Roger Chadwick (City of London)

In Attendance:

Jeremy Mullins, City of London
Philip Johnstone, KPMG
Stephen Lucas, KPMG
John O'Brien, Chief Executive, London Councils

London Councils' officers were in attendance.

1. Apologies for Absence

Apologies for absence were received from Councillor Stephen Alambritis (LB Merton) and Councillor Jas Athwal (LB Redbridge).

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Audit Committee meeting held on 22 June 2016

The minutes of the Audit Committee meeting held on 22 June 2016 were agreed as being an accurate record.

4. Draft Annual Audit Report 2015/16

The Audit Committee received a report that detailed the final draft of the annual audit report to those charged with governance (ISA260) prepared by KPMG, London Councils' external auditors, in respect of the 2015/16 financial year. The final draft was included at Appendix A to the report and contained the proposed management response to the internal control issues raised by KPMG which were detailed on page 18 and 19 of the final draft.

David Sanni, Head of Financial Accounting, London Councils, informed Audit Committee that a revised letter of representation had been sent to members. He confirmed that all relevant information had been disclosed to the auditors. Members were asked to consider and approve the letter of representation before the Director of Corporate Resources could sign the letter off.

Philip Johnstone, Director, KPMG, said that two significant risks had been identified, namely (i) fraud risk of revenue recognition, and (ii) management override of controls. He said that both were standard risks and were assessed as being minimal. Philip Johnstone said that the accounts and the supporting working papers were of a high quality and the previous auditors (PricewaterhouseCoopers) had been quick to respond to any questions asked of them.

Philip Johnstone said that a full debrief will take place with the London Councils' Finance team, and there was nothing to highlight regarding representations (this was a standard request for representations). He reported that this was a smooth and successful audit, with very little to report and with good communications taking place between KPMG and the Finance team. Only one adjustment of £15,000 had been identified during the audit.

Councillor Wales noted that KPMG had cited the Grants Committee as "Grant" Committee throughout the report. Philip Johnstone said that this would be rectified in future reports. Roger Chadwick thanked KPMG and the London Councils' Finance team for the work that they had carried out on the annual audit. He said that it was very much appreciated.

The Audit Committee:

- Noted the key issues detailed in the draft audit report to those charged with governance and agreed the proposed management responses to the recommendations to internal control deficiencies detailed on pages 18 and 19 of the draft audit report included at Appendix A; and
- Approved the revised draft letter of representation that was sent to Audit Committee members separately.

5. Statutory Final Accounts 2015/16

The Audit Committee considered a report that presented the audited statement of accounts for 2015/16. The accounts that went for approval comprised of London Councils' Consolidated Statement of Accounts for 2015/16, London Councils' Transport and Environment Committee Statement of Accounts for 2015/16, and London Councils' Grants Committee Statement of Accounts for 2015/16.

David Sanni introduced the Statutory for 2015/16. He said that there were the customary three sets of accounts, namely (i) Consolidated Statement of Accounts, (ii) TEC Statement of Accounts, and (iii) Grants Committee Statement of Accounts. David Sanni said that Table 2 (page 38) showed an audited surplus for the year of £3.293 million. Table 3 (page 39) showed the adjusted position in the audited accounts for 2015/16, including the actuarial gain on pension assets/liabilities. Table 4 (page 39) showed the analysis of the main variances that contributed to the audited surplus of £3.293 million. Table 5 (page 40) outlined the audited position on reserves as at 31 March 2016, amounting to £12.641 million of consolidated audited reserves (this did not include the Unusable Reserves).

Councillor Simon Wales asked what the rationale was for seemingly transferring £3.6 million from reserves and transferring back a sum of £3.3 million (Table 2). Frank Smith, Director of Corporate Resources, London Councils, explained that the budget was set in November each year for the following financial year, and at that point, he advised members of the likely call on reserves in order to set a balanced budget, which was subsequently approved. The transfer back to reserves takes place at the end of the financial year in question, when the outturn position is determined, some 18 months later and was, therefore, a question of timing. This was particularly relevant to TEC. He also stated that borough funding for the Grants Committee's ESF programme had not been spent during the year, due to slippage in the start of the new programme. Roger Chadwick asked what the process was for transferring sums from reserves. Frank Smith said that approval to transfer sums from reserves was sought from members at the budget setting stage each November/December and members were updated on the position of reserves during the course of the year in the quarterly budget monitoring reports sent to the three main Committees.

The Audit Committee approved the statement of accounts, as detailed in Appendices A to C of the report.

6. London Councils' Corporate Risk Register

The Audit Committee received London Councils' Corporate Risk Register for 2016/17 in accordance with London Councils' Risk Management Strategy and Framework which provides that members would receive the Corporate Risk Register on an annual basis.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the Corporate Risk Register report for 2016/17 and gave a brief overview of the main changes. She said that Corporate Risk 1 that related to "loss of borough support" had now been updated to include reference to the London Councils' Challenge. Corporate Risk 2 on "Business Continuity Disaster/Recovery plans not being in place or inadequate" had now been updated to include the new Business Continuity Plan (BCP) that had been approved in April 2016, noting the gold, silver and bronze system. Corporate Risk 6 – "ineffective relationships with key stakeholders" had been updated to acknowledge the need to build a relationship with the new Mayor of London.

The Audit Committee noted the London Councils' Corporate Risk Register for 2016/17, which could be found at Appendix 2 of the report.

7. Revised Risk Management Strategy and Framework

The Audit Committee received a report that outlined the changes proposed to London Councils' Risk Management Strategy and Framework which was last updated in 2012. The proposed approach to risk management comprised of the following elements: (i) Strategy, (ii) Short guide to risk management, and (iii) Guide to completing London Councils' Risk Register.

Christiane Jenkins introduced the report.

This work was undertaken following the Internal Review of Risk Management & Business Continuity, which was reported to Audit Committee in June 2016. One of the review recommendations was; *The Risk Management Strategy & Framework should be scheduled for review and update every three years to ensure that it is reflective of current organisational processes and subsequently approved by the Audit Committee.*

As part of the review, London Councils strategy was compared with the ALARM toolkit to ensure it still represents good practice. Feedback was also sought from senior officers and the Corporate Governance Group. The review has maintained the broad structure of the existing Framework but a number of changes have been made to clarify guidance and ensure it remains up to date, for example by making specific reference to information governance risks. The guidance for staff has also been updated to remove repetition and improve clarity. The main changes are set out in section 4 of the report and can be seen in the appendices.

The Chair said that this was a very comprehensive strategy and framework.

The Audit Committee approved the revised Risk Management Strategy and Framework and guides.

8. Business Continuity Plan (BCP)

The Audit Committee received, for comment, the last version of London Councils' Business Continuity Plan (BCP) at its meeting on 19 June 2012. A revised BCP was approved by London Councils' Corporate Management Board (CMB) at its meeting held on 15 February 2016, and the approved Version 3 of the plan could be found at Appendix 1 in the report.

Frank Smith introduced the BCP report. He informed members that the last BCP report was presented to the Audit Committee in June 2012, during the period when the Olympics were taking place and the refurbishment of 59½ Southwark Street with the City of London. Roy Stanley, Information and Communications Technology and Facilities Manager, had now taken over the responsibility for business continuity for London Councils. Frank Smith said that Roy Stanley had

reviewed the plan, and the document was now much more specific and detailed compared to the previous version in 2012. Frank Smith said that a large number of risks had now been identified and the template was a big improvement to what London Councils had in 2012. He said that issues around remote working had been dealt with and the plan was now “up and ready”.

Roger Chadwick asked whether the IT contract with Agilisys came under the City of London, or whether it was London Councils’ own contract. Frank Smith said that the contract was through the City of London. Roger Chadwick said that the Agilisys contract was up for renewal soon. Frank Smith confirmed that London Councils was aware of this.

Councillor Simon Wales said that he was very impressed with the BCP document. He asked whether the document needed to reflect on what could go wrong during the peak of Freedom Pass activity (Services, page 31 of the BCP). Nick Lester, Corporate Director of Services, said that most activity on the Freedom Pass was undertaken by the contractors. He said that in 59½ Southwark Street, contract management took place continuously. Councillor Simon Wales asked whether the contractors had a disaster plan. Nick Lester said that this was incorporated into the original contract. The Chair asked whether the BCP was available to all London Councils’ staff. Roy Stanley confirmed that it was. Frank Smith said that all staff received a plastic card giving instructions and details of who to contact in the event of an emergency. An example of this could be found at page 56 of the BCP. The Chair asked whether members could be given one of the plastic cards in the event of an emergency taking place. Frank Smith said that this could be looked into. The Chair commended London Councils on the good piece of work that had been carried out on the BCP.

The Audit Committee:

- Noted and commented on the revised Business Continuity Plan, which could be found at Appendix 1 of the report;
- Noted and commented on the position on controls and testing of the plan on pages 62 to 63 (Appendix A) of the BCP report; and
- Agreed that officers would look into whether the plastic cards given to London Councils’ staff, containing instructions and contact numbers in what to do in an emergency, could also be issued to members.

9. Internal Audit Reviews Update

The Audit Committee received a report that provided members with an update of internal audit work that had been undertaken since the last committee update report presented at the June 2016 meeting.

David Sanni introduced the Internal Audit Reviews update report. He informed members that one review had been completed and adequate controls were in place (Appendix B). Colleagues from the Grants team (Nick Lester and Simon Courage, Head of Grants and Community Services) were present to answer in questions that members might have.

David Sanni said that the outstanding internal audit recommendations log could be found from page 101 of the report, including the 2014 ICT review and the 2016 ICT Strategy review (page 117). He informed members that there was one outstanding item from the 2014 review which related to the remote access system. This would be rolled out to all staff once the support arrangements with the Agilisys ICT service desk were in place. The 2016 ICT recommendation was also on course to meet the September 2016 deadline.

The Chair asked for clarification on the monitoring process for a sample of current grant funded organisations (Appendix A, page 86). Simon Courage said that “recommendation 1” now stated that three years audited financial statements should be requested on new funding applications at the near final stage, as opposed to looking at only one year’s accounts. The Chair asked whether the state of the finances of shortlisted organisations were taken into account. Simon Courage

confirmed that the organisation would have been investigated if any problems had arisen after the first year.

The Chair asked for more details on what had happened to “Eaves Housing for Women” charity. Simon Courage said that the organisation had received £165,000 in funding, but had gone into administration in October 2015. London Councils had ended its relationship with them and looked at alternative provision. Frank Smith said that new monitoring arrangements that were now in place enabled monies to be stopped immediately and redirected very quickly. The new monitoring arrangements were now very robust.

Roger Chadwick asked whether London Councils had a relationship with City Bridge Trust. Simon Courage confirmed that London Councils was now entering into a stronger partnership with City Bridge Trust. The Chair said that, as the recommendations were implemented, the internal audit review lists would be reduced.

The Audit Committee:

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

10. Dates of Audit Committee Meetings for 2017/18

The dates of the Audit Committee meetings for 2017/18 were agreed by members.

Roger Chadwick informed the Audit Committee of changes to senior finance staff at the City of London.

The Chair said that the continued support from the City of London, with regard to the services provided to London Councils, was very much appreciated.

The meeting finished at 11:06am

Action Points

	Action	Progress
8. Business Continuity Plan	<i>To look into whether the plastic cards given to London Councils’ staff, giving instructions and contact numbers in what to do in an emergency, could be issued to members.</i>	

Leaders' Committee

Report from the Transport & Environment Committee – 13 October 2016

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 6 October 2016
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary: Summary of the minutes of the London Councils' Transport & Environment Committee held on 13 October 2016

Recommendations: For information.

1. Attendance: Cllr Lynda Rice (LB Barking & Dagenham), Cllr Dean Cohen (LB Barnet), Cllr Alex Sawyer (LB Bexley), Cllr Ellie Southwood (LB Brent), Cllr Meric Apak (LB Camden - Deputy), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Daniel Anderson (LB Enfield), Cllr Sizwe James (RB Greenwich), Cllr Jonathan McShane (LB Hackney - Deputy), Cllr Peray Ahmet (LB Haringey), Cllr Claudia Webbe (LB Islington), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Jenny Brathwaite (LB Lambeth), Cllr Rachel Onikosi (LB Lewisham – Deputy), Cllr Martin Whelton (LB Merton), Cllr Peter Buckwell (LB Richmond-upon-Thames), Cllr Mark Williams (LB Southwark – Deputy), Cllr Jill Whitehead (LB Sutton), Cllr Clyde Loakes (LB Tower Hamlets), Cllr Caroline Usher (LB Wandsworth), Cllr Heather Acton (City of Westminster), and Alex Williams (Transport for London).

2. Apologies for Absence: Cllr Colin Smith (LB Bromley), Cllr Phil Jones (LB Camden), Cllr Feryal Demirci (LB Hackney), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Graham Henson (LB Harrow), Cllr Jason Frost (LB Havering), Cllr Amrit Mann (LB Hounslow), Cllr Alan Smith (LB Lewisham), and Cllr Ian Wingfield (LB Southwark).

3. Urban Design London (UDL) Update by Esther Kurland, Director of UDL & Councillor Daniel Moylan and Councillor Nigel Haselden, TEC Representatives on UDL.

Councillor Moylan and Councillor Haselden gave a brief introduction to the UDL, which had now been in operation for 14 years. Esther Kurland then explained that the UDL had CPD training and was practical and skills based to help people do their job. UDL covered topics that responded to member requests, including housing, planning, street design, transport planning and highway engineering. One of the most recent debates and discussions were around tall buildings. She said that UDL was set-up to support borough officers and councillors, and this remained the primary purpose.

A brief “Q and A” session took place between TEC members and the representatives of UDL. Councillor Moylan said that it would be beneficial if boroughs could provide a single point of contact for the UDL. He said that the UDL provided a great deal of output considering the size of the team and offered good value for money to the boroughs.

4. Talk by Val Shawcross, Deputy Mayor for Transport

Val Shawcross, Deputy Mayor for Transport, made the following comments to members: (i) Mayor's Transport Strategy (MTS) has a broad mandate, (ii) a "Towards" document would be published in October 2016. This would outline key issues and principles from a transport perspective, (iii) a 5-year Business Plan from TfL (end of November), which would outline TfL's activities and the challenges faced, (iv) a 30-year Mayors Transport Strategy (MTS) to be produced in 2017, (v) Air Quality work was progressing (over 14,000 responses to the first phase of consultation), (vi) Black cabs and private hire vehicles (PHV) action plan has been published, (vii) river crossings are now moving ahead.

A "Q and A" session took place between Val Shawcross and TEC members, where a number of issues were raised, including: (i) continuation of LIP funding, (ii) increasing bus passenger volumes, (iii) updating Bakerloo line, DLR and Tramlink extensions as well as the roll-out of electric and hybrid buses, (iv) policy framework for "healthy streets", (v) Southern rail franchise, (vi) Crossrail 2 proposals, and (vii) recruitment of a Walking & Cycling Commissioner.

5. Chair's Update

The Committee received a report that updated members on the transport and environment policy since the last TEC meeting on 16 June 2016.

The Chair informed TEC that the two new Labour members nominated to the London Waste and Recycling Board (LWARB) from 2016 to 2020 were Councillor Ian Wingfield (LB Southwark) and Councillor Feryal Demirci (LB Hackney). He informed members that Shirley Rodrigues was the new Deputy Mayor for Environment and she would be coming to speak at TEC meeting on 8 December 2016. The Chair's report was noted.

6. Flooding Investment in London

The Committee received a report that provided TEC with an update on progress of the Thames Regional Flood and Coastal Committee's (Thames RFCC) six year capital programme. It also provided an update on the work to increase local authority capacity to put forward capital projects for funding, and provided the business case presented by the Environment Agency for an increase in local levy.

Amanda Nobbs, Chair of the Thames RFCC, introduced the report and said that there was a significant flood risk to London. Fluvial flooding had also become more frequent. A longer-term programme of 5-6 years was agreed with Government, along with a 6-year investment programme (agreed in principle). This had enabled the Thames RFCC to develop schemes and make progress.

A brief "Q and A" session took place between Thames RFCC and TEC members, where various issues were raised including issues with Thames Water around accessibility, engagement and flooding to which their infrastructure may be a contributor or could form a solution

The Committee: **(i)** noted that Thames Water now had a separate contact for each partnership, which would be circulated to members, and **(ii)** provided a steer to the TEC members who sit on the Thames RFCC to recommend a levy increase of 1.99% for 2017/18.

7. Electric Vehicles and Car Clubs Update Report

The Committee considered a report that updated members on progress on electric vehicles and on car clubs.

Nick Lester-Davis, Corporate Director of Services, introduced the report and said that several options had been identified for the implementation and delivery for the partnership and governance arrangements for EVs and charging and the Steering Group agreed that a public-private model should be pursued. Nick Lester-Davis said that there were now three car club models operating in London: (i) round trip or back to base, where the car was returned to the same location after customer use, (ii) flexible or "floating" car club, which do not require the vehicle to be returned to a dedicated bay, but permit the parking of vehicles across parking bays in the borough, and (iii) station to station or "point-to-point" car clubs, where the cars are based at fixed locations but users would be able to start and finish at any of the fixed locations, and would not need to take the car back to where it originated from.

The Committee: **(i)** noted the update on the Go Ultra Low City Scheme, **(ii)** gave an “in principle” agreement to London Councils’ TEC taking on the Delivery Partner Strategy role as defined in paragraphs 12 to 16, **(iii)** noted the findings of the “Carplus” survey on the use of car clubs, and **(iv)** agreed that charters for both EV charging networks and car clubs, setting out the public interest in their use, should be prepared, but agreed that the wording with regards to having “charters” be revisited.

8. Freedom Pass Progress Report

The Committee received a report that provided members with a general progress update on the Freedom Pass scheme.

The Committee: **(i)** approved the recommendation to shut the renewal portal and phone line when new customer services enhancements to the Freedom Pass website were launched; and **(ii)** noted the updated timescales for the Freedom Pass and Taxicard managed services contract re-let.

9. Environment and Traffic Adjudicator Recruitment

The Committee considered a report that provided details of the proposed recruitment exercise for Environment and Traffic Adjudicators, as mentioned in the Chief Adjudicator’s report to the Committee on 16 October 2014.

The Committee: **(i)** agreed to the implementation of the proposed recruitment exercise, **(ii)** consented to the new terms and conditions for the appointment of Environment and Traffic Adjudicators (subject to the consent of the Lord Chancellor or nominated officer holder), and **(iii)** consented to the introduction of the new pay structure, allowing payments to be made by allocated lists as well as by hourly rates.

10. Environment and Traffic Adjudicators’ Annual Report 2015/16

The Committee received and noted the joint Annual Report by the Environment and Traffic Adjudicators for the reporting year of 2015/16.

11. Note of the TEC Executive Sub Committee on 15 September 2016

The Committee received and noted the note from the TEC Executive Sub Committee that was scheduled for the 15 September 2016, but was carried out via correspondence.

12. Minutes of the TEC Main Meeting held on 16 June 2016

The minutes of the TEC Main meeting held on 16 June 2016 were agreed as an accurate record.

The meeting finished at 16:50pm

Young People's Education and Skills Board

Date 10 Nov 2016 **Venue** London Councils

Meeting Chair Cllr Peter John OBE

Contact Officer: Neeraj Sharma

Telephone: 020 7934 9524 **Email:** Neeraj.sharma@londoncouncils.gov.uk

Present

Cllr Peter John OBE	Executive member for children, skills and employment (Chair)
Gail Tolley	Association of London Directors of Children's Services
Caroline Boswell	Greater London Authority (GLA) (for Joanne McCartney)
Yolande Burgess	London Councils Young People's Education and Skills
Tim Shields	Chief Executives London Committee
Mary Vine-Morris	Association of Colleges (AoC) London Region
Dr Jane Overbury OBE	AoC/Sixth Form Colleges
Arwell Jones	Association of School and College Leaders
John Prior	AoC/NATSPEC (for Dr Caroline Allen OBE)
Denise Donovan	Department for Work and Pensions (on behalf of Derek Harvey)

Guests and Observers

Souraya Ali	LEP officer (for Michael Heanue)
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Officer(s)

Peter O'Brien	London Councils Young People's Education and Skills
Neeraj Sharma	London Councils Young People's Education and Skills

Apologies

Cllr David Simmonds	Shadow Executive member for children, skills and employment
David Jeffrey	Education Funding Agency
Nick Lester-Davis	London Councils
Dr Caroline Allen OBE	AoC/NATSPEC
Dr Graeme Atherton	AccessHE - Higher Education representative
Derek Harvey	Department for Work and Pensions
Sam Parrett OBE	AoC – Further Education Representative
Michael Heanue	LEP

1 Welcome and introductions

- 1.1 Cllr John welcomed attendees to the Board meeting and apologies were noted.
- 1.2 Attendees were informed that during the summer there were a number of Board membership changes:
 - Greater London Authority
 - Joanne McCartney has replaced Munira Mirza
 - London Work Based Learning Alliance
 - Gary Hunnisett has replaced Vic Farlie
 - Association of Colleges – Further Education Representative
 - Sam Parrett has replaced Sir Frank McLoughlin
- 1.3 Changes had been approved by London Councils' CEO under delegated powers from Leaders' Committee.

2 Declarations of Interest

- 2.1 No interests were declared.

3 Notes and Matters Arising from the last meeting

- 3.1 Notes of the last meeting were formally approved.
- 3.2 It was agreed to invite officials from the Department for Education to the next Board meeting to explore options for London to support the pilot of the construction and digital technical pathways outlined in the Skills Plan.

4 Special Educational Needs and Disability (SEND) reforms

- 4.1 The Board debated the implementation of SEND reforms in London since 2014. It was agreed it would be helpful for the Association of London Directors of Children's Services to consider current workforce development needs.

5 Policy Update

- 5.1 The Young People's Education and Skills Board received a report that highlighted some of the key policy changes/updates since the last Board meeting in July 2016.
- 5.2 The Board noted the contents of the paper.

6 Raising the Participation Age (RPA)

- 6.1 The Board received an update on RPA performance across London. It was also explained that the government recently consulted on changes to tracking and reporting on young people and their participation. These had now been implemented and would result in changes to the format and content of future reports to Board members.
- 6.2 The contents of the paper were noted.

7 Vision 2020

- 7.1 The Board reviewed the draft Vision 2020 document and agreed that changes should be considered. Most notably, changes were suggested around ensuring there was complementarity with other strategies in the capital and an emphasis on social mobility and career pathways.

DRAFT