

Leaders' Committee

7 February 2017 – 11:30

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 5 for members after the meeting

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- GLPC – 12 October 2016
- Capital Ambition – 11 October 2016
- Pensions – 18 October 2016
- Grants Committee – 23 November 2016
- Pensions CIV Sectoral Joint Committee – 13 December 2016
- CAB – 13 December 2016
- TEC – 8 December 2016
- Executive – 17 January 2017

***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

The 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 6 December 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
LFEP

Cllr Darren Rodwell
Cllr Richard Cornelius
Cllr Teresa O'Neill OBE
Cllr M. A. Butt
-
Cllr Pat Calahan
Cllr Tony Newman
Cllr Julian Bell
Cllr Bambos Charalambous
Cllr Danny Thorpe
Mayor Philip Glanville
Cllr Mike Cartwright
Cllr Claire Kober
Cllr Sachin Shah
Cllr Damien White
Cllr David Simmonds CBE
Cllr Steve Curran
Cllr Richard Watts
Cllr Nicholas Paget-Brown
Cllr Kevin Davis
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Stephen Alambritis
Cllr Ken Clarke
Cllr Kam Rai
Cllr Lord True
Cllr Peter John OBE
Cllr Ruth Dombey OBE
Mayor John Biggs
Cllr Clyde Loakes
Cllr Ravi Govindia
Cllr Tim Mitchell
Mr Mark Boleat
-

Under the provisions of Standing Order 2.5

GRANTS

Cllr Paul McGlone

Apologies:

BROMLEY
CAMDEN
ENFIELD
GREENWICH
HAMMERSMITH & FULHAM
HAVERING
HILLINGDON

Cllr Stephen Carr
Cllr Sarah Hayward
Cllr Doug Taylor
Cllr Denise Hyland
Cllr Stephen Cowan
Cllr Roger Ramsey
Cllr Ray Puddifoot MBE

NEWHAM
REDBRIDGE
WALTHAM FOREST
WESTMINSTER
Capital Ambition Board

Mayor Sir Robin Wales
Cllr Jas Athwal
Cllr Chris Robbins
Cllr Baroness Couttie
Mr Edward Lord OBE JP

The Mayor's Office for Policing and Crime (MOPAC)

The Deputy Mayor for Policing and Crime, Ms Sophie Linden

Metropolitan Police:

Assistant Commissioner for Territorial Policing Martin Hewitt.

Deputy Assistant Commissioner Mark Simmonds

and officers of London Councils were in attendance.

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 11 October 2016

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 11 October 2016.

4. Police and Crime Plan

The Chair welcomed Ms Sophie Linden, The Deputy Mayor for Policing and Crime, and the Metropolitan Police's Assistant Commissioner for Territorial Policing Martin Hewitt and Deputy Assistant Commissioner Mark Simmonds and asked them to present to Leaders' Committee on the 2017-2020 Police and Crime Plan for London and the MPS's 'OneMet' plans for reforming operational policing.

Ms Linden began by setting out the plan's key themes:

- neighbourhood and local policing

- keeping children and young people safe, including gangs, knife crime and sexual abuse – the recent disclosures about abuse of boys in football clubs serving as an indicator of the extent of the problem
- tackling violence against women and girls
- tackling violent extremism, terrorism and hate crime
- ensuring an effective Criminal Justice System (which may extend to seeking devolution and reform in relation to youth justice and community rehabilitation).

While underpinning themes included:

- vulnerability
- meeting the needs of victims
- social integration and tackling inequalities, with an aspiration that ‘*the **place** that you lived in, the **communities** you belonged to and the **individual** that you were should not disproportionately impact your exposure to crime*’

The Plan would 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 were disproportionately affected by crime.
- The Plan included a fresh approach to performance monitoring which could allow potential flexibility to reflect varying local crime priorities, underpinned by key pan-London priorities.
 - It was the intention of the Police and Crime Plan to improve services with officers in every ward and with specific priorities around Equalities and Victimisation.

She then addressed a slide presentation on the MOPAC Commissioning Draft Budget 2017/18

- There had been a £600m cut in the met Police budget in the last four years but despite this the London Crime Prevention Fund was to be sustained over the next four years

- London's changing population presented significant challenges around the police budget

The co-commissioning 'pot'

- Of the overall budget a 20% top slice, £14m, would be allocated to co-commissioning, 30% of the last three years of the fund
- The top slice was needed for co-commissioning that would go across borough boundaries
- There was an opportunity for overall governance to sit with the London Crime Reduction Board
- Commissioning responsibility would sit with the most appropriate partner for the relevant co-commissioned service
- A working party was being set up - which it was hoped boroughs would become involved with - to determine priorities
- MOPAC would host a meeting with partners in January 2017 to develop criteria
- Funding would be available from March 2018 for projects/services that were agreed with partners
- Co-commissioning opportunities included:
 - **Young offenders** Driving cross-borough investment in prevention and rehabilitation in the community to tackle the over-representation of key groups – BAME children, children in care and those from disadvantaged backgrounds
 - **Violence against women and girls** Working with the Criminal Justice system to align victim, witness and enforcement systems
 - **Female offenders** Enable collaboration between boroughs to co-commission with Health and Probation to expand access to tailored female offender services

- **Offender health (including substance abuse and mental health)** Support more effective integration with related services including targeting prolific offenders.

Assistant Commissioner for Territorial Policing Martin Hewitt (MPS) continued:

- The MPS's 'OneMet' plans for reforming operational policing aimed to deliver local policing but in the current arrangement where it was delivered 32 times over meant that in a number of places the size of the units lacked a critical mass and it was intended to bring together teams into an autonomous local service.

Deputy Assistant Commissioner Mark Simmonds completed the presentation on the MPS's 'OneMet' plans:

- The Strategic Priorities emerging from the **Police and Crime Plan** were:
 - Delivering 'real' neighbourhood policing, there would be a minimum of two Dedicated Ward Officers (DWOs) and PCSOs per ward that would be ring-fenced from abstraction
 - Additional DWOs to a total of over 1,700 to be allocated to higher demand wards through local consultation to address local priorities
 - Protecting children and young people, there would be 281 Youth and School Officers rising to 600 working full-time in schools, PRUs and other educational institutions, again allocated through local consultation
 - Violence against women and girls
 - A criminal justice system for all Londoners
 - Hate crime, terrorism and extremism
- More efficient management would improve cross-border deployments (currently only 1%) and improve call allocation to ensure the nearest unit attended the call (currently only occurring in 22% of calls)
- This approach allowed for the decentralised specialist teams to be at BCU level, bringing them closer to boroughs and more able to align with borough services and interventions

- Some boroughs struggled to maintain enough CID officers for viability. Efficiency savings and demand reduction would allow reallocation of staff by 2020 to focus on risk and vulnerability.

Leadership

- Each Basic Command Unit (BCU) would be led by a Chief Superintendent
- Beneath them would be four Superintendents responsible for functional service delivery across the BCU and improved specialisms within each function
- Each borough would have one of the Superintendents accountable for overall service delivery in the borough and providing a single point of contact for council leaders and local stakeholders.

Pathfinder sites

- Pathfinder sites would be overseen through joint governance with local authorities with the Local Implementation Board chaired by the BCU commander but the Oversight board and Project board co-chaired with the local authority.

Number of commands

- Demand and resources vary across boroughs leading to inconsistency and inefficiency, there were 282 officers in Kingston and 1,185 in Westminster but both were the same size of command unit
- Commands to be of a similar size and demand to offer an even workload/level of risk for officers of the same rank, options were being consulted on of between 11 and 16 BCUs

The Chair corrected herself and asked Cllr Lib Peck (Labour, Crime and Public Protection, Lambeth) - who she should have asked to introduce the item – to contribute.

Cllr Peck commented as follows:

- Engagement with the Police and Crime Plan was good
- A London Councils' roundtable for borough Crime and Public protection leads in October was well-attended and another was under consideration

- It was important to ensure that an officer of sufficient seniority dealt with matters in boroughs, particularly neighbourhood policing
- There was still a real challenge about the scale and scope of the 30% top slice for the Crime Prevention Fund, a working group may help.

The Chair opened up discussion to the committee

Cllr Kevin Davis (Conservative, Kingston) and Cllr Nicholas Paget-Brown (Conservative, Kensington and Chelsea) expressed concerns:

- A number of boroughs contributed match-funding
- A tendency to centralise may be seen in the proposals
- The reduction in the funding formula for crime reduction was more like 60% than 30%
- Whether there were any new officers or whether existing officers were merely being moved around?

Cllr Ruth Dombey (Liberal Democrat, Sutton):

- The London Community Rehabilitation Company (CRC) was invisible and she would be reluctant to see any of the 30% top slice go to it
- She welcomed the move away from pan-London targets and reassured that it was not the intention of local government to interfere with the Met's operational work but much of what it did was dependent on the rest of the public sector and gave the example of mental health nurses in police stations
- She referred to the presentation slide that showed a map of a possible arrangement of 12 BCUs in London including one comprising Sutton, Croydon and Bromley and argued that long travelling times meant the inclusion of Sutton with Bromley in a single BCU made no sense.

Cllr Tony Newman (Labour, Croydon) said his borough worked with Sutton on issues but not so much with Bromley. The biggest issue in Croydon was multiple murders often gang-related and on this issue cross-border work with Lambeth was important.

Cllr Sachin Shah (Labour, Harrow) asked whether BCUs presented an opportunity for a more coherent estate strategy that aligned MPS and local property. He asked whether BCUs would mirror the pattern of police stations.

Cllr Teresa O'Neill (Conservative, Bexley) asked for the presentation to be circulated and pointed to the challenges her borough had faced in securing partnerships and feared that that tendency would only become more marked with a move to a possible three borough command and corresponding diminution of local ownership

Deputy Assistant Commissioner Simmonds replied that:

- There was no net increase in officers so the new dedicated ward officers would have to be taken from other areas. Previously there could only be one officer per ward and they could find themselves shifted to other duties
- On the centralisation point, he accepted that there was some scaling-up from boroughs to BCU level, but in general – he argued - the opposite was the case with some services which formerly had been dealt with centrally - child abuse and serious sexual offences - now being handled at BCU level in integrated units that included other areas of vulnerability
- The extent to which a BCU could deliver borough targets was critical and needed to be tested at Pathfinder sites. The right balance needed to be struck between a scale that was not artificially constrained by borough boundaries but remained local.

Ms Linden concluded by saying that:

- There would be an estate strategy
- There was a commitment to a 24hr police station in every borough.

Leaders' Committee agreed to note the report.

5. Autumn Statement 2016

Leaders' Committee agreed to note the report and the briefing on the Autumn Statement.

6. Devolution and Public Service Reform

The Chief Executive introduced the item saying:

- It reported on London government's work on devolution and reform, with a particular focus on the progress signalled by the Chancellor's Autumn Statement
- The arguments for a more place-based narrative in devolution had been advanced by the Member devolution Group. London Councils would be commissioning contributions to this from sub-regional groupings and individual councils.

Cllr Stephen Alambritis (Labour, Merton) called for more to be asked of government particularly on 16-19 skills; where the apprenticeship levy was not taken up it should be returned to boroughs not the Treasury.

Leaders' Committee agreed to note the report.

7. The London HIV Prevention Programme (LHPP)

Cllr Kevin Davis introduced the item and described the London HIV Prevention Programme (LHPP) and also the attempt by NHS England to argue in the courts that it was not liable to pay for Pre-Exposure Prophylaxis (PrEP) - an anti-retroviral (ARV) drug which may be prescribed to HIV negative people who are at high risk of contracting HIV - an argument rejected by the courts.

Leaders agreed to:

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

8. London Councils Grants Scheme - Budget Proposals 2017/18

The Chair introduced the item saying the report asked Leaders' Committee to consider the proposed budget for the Grants Scheme for 2017/18 and made a recommendation 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. Grants Committee agreed to recommend that Leaders' Committee approve these proposals. They were in line with the direction of travel for the overall programme agreed earlier in the year.

Leaders' Committee agreed:

- To 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 would 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 had not reached agreement by the two-thirds majority specified before 1 February 2017 they should 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 would be based on the ONS mid-year population estimates for June 2015 and that this methodology would 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 agreed 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.

9. Proposed Revenue Budget and Borough Subscriptions and Charges 2017/18

The Director of Corporate Resources introduced the item saying that there was a freeze on the majority of charges to boroughs and, if the budget being put to TEC in two days' time was agreed, then reserves would have been brought down to the level agreed by those committees.

Leaders' Committee agreed 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 would pay £158,195, in recognition of the fact the City was not part of the regional Local Government Employers (LGE) arrangements
- 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
- 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.

Leaders' Committee also agreed 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 would 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)
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which was covered by replacement Freedom Pass income (2016/17 – no charge)
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2016/17 - £338,182)
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which was fully covered by estimated PCN income (2016/17 – no charge)
- The Parking Enforcement Service Charge of £0.4915 per PCN, which would be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2015/16 (2016/17 - £0.4681 per PCN)
- The Parking and Traffic Appeals Charge of £32.00 per appeal or £28.50 per appeal where electronic evidence was 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)

Policy area	Portfolio holder/Chair	Party lead (Labour)	Party lead (Conservative)	Other (LD unless stated otherwise)
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- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2016/17, under the new contract arrangement with the GLA
- The TRACE (Electronic) Charge of £7.31 per transaction (2016/17 - £7.31)
- The TRACE (Fax) Charge of £7.48 per transaction (2016/17 - £7.48) and
- The PEC Charge of £0.17 per transaction (2016/17 - £0.17).

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

- The provisional consolidated revenue expenditure budget for 2017/18 for London Councils of £387.450 million
- The provisional consolidated revenue income budget for 2017/18 for London Councils of £387.450 million
- 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.

Leaders' Committee also agreed to note:

- The reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18
- The position in respect of forecast uncommitted London Council reserves as at 31 March 2017 and
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources.

10. Appointments

Leaders' Committee agreed 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 and as an additional substitute for the Executive.
- The final list of appointments for 2016/17 set out below

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), Cllr Denise Hyland (Greenwich); 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).

11. Minutes and summaries

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

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

Leaders' Committee agreed to remove the press and public.

The meeting ended at 13:25.

Action points

Item		Action	Progress
7.	The London HIV Prevention Programme (LHPP) <ul style="list-style-type: none"> • Continue the programme for two years beyond March 2017, with a 10% reduction in borough contributions. 	PAPA Health	Ongoing

Leaders' Committee

London CIV update

Item no: 4

Report by: Hugh Grover **Job title:** London CIV Chief Executive

Date: 7 February 2017

Contact Officer: Derek Gadd

Telephone: 0207934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary This report fulfils the commitment of London CIV to provide updates to Leaders' Committee at regular intervals.

Recommendations Leaders' Committee is recommended to:

- i. note the contents of this report;
- ii. reaffirm its on-going support for London CIV;
- iii. agree to the commissioning of a governance review and agree the attached Terms of Reference and Scope;
- iv. agree to the strategic direction set out in the budget and MTFS; and
- v. make a commitment to work collectively across London authorities to transition assets as swiftly and efficiently as possible.

Leaders' Committee

Item no: 4

London CIV Update

Report by: Hugh Grover **Job title:** London CIV, Chief Executive

Date: 7 February 2017

Contact Officer:

Telephone: 020 7934 9942 **Email:** hugh.grover@londonciv.org.uk

Summary: Leaders' Committee received its last update covering the progress of London CIV and the London LGPS pooling arrangements at its meeting of 9 February 2016. This report fulfils the commitment of London CIV to provide updates to Leaders' Committee at regular intervals.

Lord Bob Kerslake (London CIV's non-executive Chair) and Hugh Grover (London CIV's CEO) will be attending the meeting to discuss any aspects of the report.

Recommendations: Leaders' Committee is recommended to:

- i. note the contents of this report;
 - ii. reaffirm its on-going support for London CIV;
 - iii. agree to the commissioning of a governance review and agree the attached Terms of Reference and Scope;
 - iv. agree to the strategic direction set out in the budget and MTFS; and
 - v. make a commitment to work collectively across London authorities to transition assets as swiftly and efficiently as possible.
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London CIV Update

Introduction

1. Since 2012 under the direction and leadership of London Councils Leaders' Committee, and in close collaboration with colleagues across London's local authorities, London CIV (LCIV) has been established to provide a wide range of financial and other benefits to the Local Government Pension Scheme funds of London local government.
2. London Councils' Leaders' Committee and Executive have been provided with reports at appropriate moments since 2012 as listed in 'Background Papers' below. The last update to Leaders' Committee was given at its February 2016 meeting.
3. This report provides a further update and comes to the committee at this time because LCIV is at a critical moment in its development requiring collective support for the for the organisations business plan and strategic direction for the next five years as set out in the attached budget and MTFS.
4. In December the Chair and CEO of LCIV, accompanied by leading Members from the London Councils Pensions CIV Sectoral Joint Committee, and a representative Treasurer met with the Minister for Local Government (Marcus Jones MP) to discuss progress and plans for LGPS pooling across London. He was supportive of what has been achieved and the general direction of travel, but pressed for faster transition of assets (see attached follow up letter and Lord Kerslake's response). Our plans set out a baseline for growth of the fund but also suggest that a more ambitious target might be achievable, but to deliver the ambitious target will require collective commitment.

Progress

5. London CIV has been the 'trail blazer' for LGPS pooling and is a massive achievement for London local government. It was authorised by the Financial Conduct Authority in autumn 2015 as the first regulated investment management company set up and wholly owned by local government in the UK.
6. Since reporting to Leaders' Committee in February 2016 London CIV has continued to make significant progress, albeit not entirely as anticipated or at the scale that was at first envisioned, key elements of that progress are:
 - All 33 London local authorities (LLAs) are now members of the CIV arrangements, making this one of, if not the, biggest collaborative ventures in local government, and each has contributed equally to the costs of implementation.

- The fund has grown from its starting point in December 2015 of one sub-fund with £500 million of assets under management (AUM) to six sub-funds with £3.3 billion of AUM. These sub-funds have been developed on the basis of commonality (multiple LLAs invested with the same fund manager in the same product) and with a view to delivering fee savings from the aggregation of assets. The six sub-funds are estimated to be delivering £1.48m of net annualised fee savings across 17 invested LLAs. There are a further three sub-funds based on commonality to open in the spring subject to successful conclusion of discussions with the relevant fund managers. This will increase AUM to approximately £4.7 billion and deliver net annualised fee savings of £3.5 million across 19 boroughs.
 - A large part of LCIV's fund development plan was based on bringing passive equity investments on board. However, despite best endeavours, technical challenges and a major reduction in fund manager fees in this area led to the decision to leave these assets outside of the CIV, at least for the time being. Nonetheless, London CIV's work with the fund managers has delivered an estimated £2.4 million of net annualised fee savings across 15 LLAs. A major downside to this is that London CIV is currently not receiving any fee income from these funds, but there is a weight of opinion that the benefiting LLAs should pay a fee, albeit a relatively small one, and proposals are being worked up for discussion with LLA colleagues.
 - The focus of fund development is now moving away from opening commonality based sub-funds to procuring entirely new mandates. This is beginning with a range of new global equity sub-funds and will move on to fixed income products later in the year. This work is being taken forward in close collaboration with LLA colleagues through working groups of the Investment Advisory Committee, which operates under the leadership of representative LLA Treasurers.
7. London CIV has reached a pivotal moment in its development, passing from implementation of the basic structures and early sub-funds into a development phase before, in two or three years, we will reach 'business as usual' mode. The continued support of LLAs over the next few years is critical to achieving the long term benefits that can and will be delivered.
8. The first year of operation has identified a number of key lessons and it is clear that the envisioned task that had been the basis for structuring ambitious delivery plans in 2015 is more challenging than anticipated and will require more up front 'spend to save' investment to achieve. Those lessons include:

- Being 'first mover' has associated research and development costs;
- Opening a sub-fund takes longer and is more complex than expected;
- More in-house resources and experience are required, and sooner than planned;
- Accurately predicting the timing or scale of asset transfer from each LLA is not possible as decisions about when and how much to transition remain sovereign decisions for each individual LLA pension fund.

9. Immediate challenges that London CIV's Board and Executive team are addressing include:

- Growing the organisation to ensure that we are fit for purpose and able to fulfil our regulatory responsibilities, fulfil the commitments we have made to LLAs to deliver benefits, and address the government's pooling criteria;
- Expanding resources rapidly and in an efficient manner to support the planned growth;
- Establishing realistic forecasts for AuM growth and related management fee revenue which are dependent on LLA asset transition plans; and
- Gaining full support and traction from the LLAs for LCIV's budget and development plans.

2017/18 Budget and Medium Term Financial Strategy

10. Attached for information is London CIV's proposed 2017/18 budget and medium term financial strategy (MTFS) through to March 2022. This has been developed by the Executive team in consultation with the Board, lead Members from the London Councils Pensions CIV Sectoral Joint Committee, and a reference group of LLA Treasurers. It reflects the knowledge and experience gained over the first year of operating and seeks to address the immediate challenges with a view to establishing a robust, efficient and credible organisation.

11. Headlines from the budget are:

- Open more sub-funds through 2017/18 with the aim of having at least £6.3 billion of AUM by the end of the year, and plans to continue opening funds with a target of at least £14.1 billion AUM by the end of the MTFS period;
- Increasing headcount from the current base of 11 to 25 over the period;
- Introducing a £75,000 development funding charge for 2017/18, which will reduce

in future years as AUM grows and more income is generated from fees linked to sub-funds. This charge will allow LCIV to continue to develop without being completely reliant on AUM in the short term;

- Develop systems and processes to better support engagement with and reporting to the LLAs.

12. Members will note that the budget and MTFS have been based on 32 participating LLA LGPS funds. This is because although all 33 funds have now become participating members, LB Richmond and LB Wandsworth are in the process of merging their two funds into one combined fund that will be administered by LB Wandsworth. It is not yet clear at this point what the implications of the merger will be for London CIV, but it may be that income and capital will revert to being available from 32 authorities rather than 33. Thus 32 has been used as the prudent position for budgeting at this point. Legal advice is being sought on the implications of the merger, but for clarity, London CIV has no specific view on the likely or desirable outcome.

13. This budget and MTFS will be taken to the 8 February meeting of the Joint Committee with a view to receiving the necessary shareholder approval.

Governance

14. The governance arrangements for LCIV and the participating LLAs were developed at an early stage and in the context of LLA participation at all levels being entirely voluntary. The government's intervention in terms of requiring all LGPS funds to pool has changed the environment to a more mandatory position. With that in mind, and because LCIV has completed its first year of operating it is proposed to commission a governance review that will cover arrangements both inside and outside the organisation.

15. In broad terms the aim of such a review will be to ensure that the overall governance structure is fit for purpose, and structured to ensure the right levels of control, decision making, and oversight.

16. LCIV's Board is fully committed to the review and has been consulting with the LLA Treasurer reference group to draft the terms of reference and scope which is attached for the consideration and approval of Leaders' Committee. Subject to the views of

Members a search and selection will be undertaken to find a suitable organisation (or suitably qualified individuals) to undertake the work. The aim will be to have a final report ready for consideration ahead of the summer recess.

Government LGPS Reform Agenda

17. From previous briefings Leaders' Committee will be aware that asset pooling is now a requirement imposed by the government on the entire LGPS. This intervention has changed the position for the LLAs from a voluntary collaboration to a much more mandated position and a requirement to deliver on four government imposed criteria:

- i. Asset pools, each with at least £25bn of Scheme assets;
- ii. Strong governance and decision making;
- iii. Reduced costs and excellent value for money; and
- iv. An improved capacity to invest in infrastructure.

18. LCIV ticks all the boxes against the criteria in principle, but the first will be a real challenge that may take several years to achieve – unlike a number of the other forming pools that have taken active decisions to transition assets as and when the pool is ready.

19. Other than a requirement to have pooling structures established by April 2018 the government has not set a detailed timeframe, simply saying that assets should transfer as quickly and efficiently as possible.

20. In July 2016 a final proposal was submitted to government on behalf of all the participating LLAs and LCIV. In response to that proposal the Minister for Local Government (Marcus Jones MP) invited representatives from LCIV and the LLAs to attend a meeting on 12 December 2016. Following the meeting the attached letter was received from the Minister to which the attached reply was sent. Members will see that the Minister has approved the LCIV arrangements, but with a caveat that he would like to see faster progress in transitioning assets.

Recommendations

21. Leaders' Committee is recommended to:

- i. note the contents of this report;

- ii. reaffirm its on-going support for London CIV and the pooling of London LGPS assets;
- iii. agree to the commissioning of a governance review and agree the attached Terms of Reference and Scope;
- iv. agree to the strategic direction set out in the budget and MTFS; and
- v. make a commitment to work collectively across London authorities to transition assets as swiftly and efficiently as possible.

Financial implications

22. Financial implications are set out in the body of this report and in the attached 2017/18 budget and MTFS.

Legal implications

23. There are no legal implications arising out of this report.

Equalities implications

24. There are no equalities implications.

Background Papers

13 March 2012, Leaders' Committee report:

<http://www.londoncouncils.gov.uk/node/20992>

13 November 2012, Leaders' Committee report:

<http://www.londoncouncils.gov.uk/node/21721>

11 December 2012, Leaders' Committee report:

<http://www.londoncouncils.gov.uk/node/21816>

14 May 2013, Leaders' Committee report:

<http://www.londoncouncils.gov.uk/node/22122>

19 September 2013, Executive report:

<http://www.londoncouncils.gov.uk/node/22314>

26 November 2013, Executive report:

<http://www.londoncouncils.gov.uk/node/22652>

10 December 2013, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/22666>

11 February 2014, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/22825>

11 March 2014, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/22913>

15 July 2014, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/23092>

14 July 2015, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/26670>

9 February 2016, Leaders' Committee report

<http://www.londoncouncils.gov.uk/node/28281>



2016/17 Budget and Medium Term Financial Strategy

January 2017

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1. PURPOSE

This document sets out the following:

- the revised budget forecast for financial year ending March 2017 as agreed by shareholders in December 2016;
- the annual budget as required by the LCIV Shareholder Agreement for the financial year ending March 2018; and
- the Medium Term Financial Strategy (MTFS) covering the annual financial plan for the five years from April 2017 to March 2022.

London CIV's (LCIV) Board has set the strategic direction for the company which is supported by this budget and MTFS. The document has been drafted by the company's Executive team and has been approved by the Board. Day-to-day delivery against the budget is the responsibility of the Executive team which, as with any budgetary process, will require flexibility on managing the detail to ensure that the objectives can be achieved within the overall budgetary framework.

2. CONTEXT

The London CIV journey began back in 2012 with proposals being presented to London Councils' Leaders' Committee that would have led to the complete merger of all of London's 34 Local Government Pension Scheme (LGPS) funds (boroughs, City of London and the London Pension Fund Authority). These proposals were not adopted and instead Leaders' Committee commissioned London Councils officers to facilitate the development of ideas that would deliver most, if not all, of the benefits of merger without the cost, complexity and loss of sovereignty and democratic oversight that would result from merger.

Proposals were developed by a working group comprised of the then London Councils political group leaders and three representative treasurers, which were reported back to Leaders' Committee. In brief those proposals were that:

- A London LGPS Collective Investment Vehicle (CIV) should be set up in the form of an Authorised Contractual Scheme fund (ACS);
- A new company, wholly owned by the participating authorities, should be established to act as operator of the CIV; and
- Participation of the separate London LGPS funds should be entirely voluntary, with responsibility for investment strategy and asset allocation staying at the local level, while responsibility for the appointment and management of external fund managers and the general management, performance and oversight of the ACS fund would rest with the operator.

At the same time that these regional proposals were being developed, discussed and agreed the Government was actively considering the future structure of the LGPS nationally and began to make proposals to bring about complete merger across the scheme into a smaller number of funds. However, the work being done across London was in large part successful

in demonstrating that voluntary collaboration could be delivered and that, as originally aimed for, substantial benefits could be delivered without the need for merger.

In November 2015 the Government published a document ‘LGPS: Investment Reform Criteria and Guidance’ setting out policy for all LGPS funds across England and Wales to develop pools along similar lines to London CIV. The funds were instructed to submit “ambitious proposals” for the establishment of a small number of investment pools based on the requirement that every fund must join with a pool and invest the majority of its assets through that pool over a period of time. This direction from Government effectively changed the environment for London funds and London CIV from being engaged in an entirely voluntary collaboration to a more mandatory position.

It is within this changing regional and national policy framework that London CIV has been established and now operates

3. EXECUTIVE SUMMARY

Since FCA authorisation in October 2015, LCIV has launched 6 sub-funds with £3.1 Bn assets under management (AUM) across 14 boroughs (as of 31 December 2016). LCIV resources have been expanded from three to eleven including recruitment of the LCIV Executive Management team and the organisation has worked with stakeholders to establish an effective partnership which is critical to the success of the organisation. Both the scale of AUM achieved in the first twelve months and the operational progress are a considerable achievement.

During the first year of operation, a number of key lessons have also been identified and it is clear that what LCIV has to deliver as a regulated fund manager, providing excellent client service with potentially £25 Bn of assets under management (AUM) across multiple asset classes, is more challenging than had been envisioned.

The challenges faced by London’s LGPS funds, as for most of the world’s pension funds, are significant and growing. LCIV has to deliver benefits beyond cost savings from scale economies and address the fact that many Pension Fund’s strategic asset allocations will increasingly tilt towards asset classes which require scale and in-house expertise. This will inevitably mean higher up-front costs to ensure LCIV has the requisite skills required to deliver the investments investors will require, but ultimately should result in cash and non-cash benefits of a far greater magnitude than originally envisaged.

A key imperative for LCIV and its investors/shareholder to progress from being a delivery platform for voluntary collaboration of London local authorities (LLAs) to a fully established fund management company able to deliver investor benefits in the widest sense, is to ensure the transfer of assets is completed as quickly as possible as a higher AUM base will:

- lead to faster delivery of greater fee savings;
- allow LCIV to efficiently offer a broader range of investment products; and
- allow LCIV to cover its costs and be less reliant on additional LLA funding.

2016/2017 Budget

The status of the annual budget for 2016/17 was reviewed and approved by the shareholders at the General Meeting of the Company held on 13th December 2016. The budget forecast £1.5Mn in revenues, £2.3 Mn operating expense and a deficit of near £800K. The shareholders agreed that the 2016/17 deficit would be covered by existing capital reserves, which would be recovered in future years as LCIV moves to profit and balance balanced budget.

2017/2021 Forecast and Plans

During the next phase of LCIV's development in the period 2017-2021 as it moves from set up through implementation to full 'business as usual' (BaU), LCIV's key priorities are to:

- Continue to work closely with the LLAs to respond to their investment needs and ensure the opportunities LCIV identifies across Global Equities, Fixed Income, and other cash flow-generating asset classes such as Real Estate, Infrastructure and other "alternative" asset classes, will meet those needs;
- Expand LCIV's staff complement in the front, middle and back office to bring on board the necessary capacity, knowledge and skills to deliver the different asset classes, volume of planned fund launches, and ensure that the company can fulfil its fiduciary responsibilities;
- Establish scalable, fit for purpose, system and process capabilities for client reporting, performance management reporting, and risk management; and
- Develop clear and transparent communications with LLAs and stakeholders.

AUM and Revenue Forecast. The plan includes a broadening of asset classes during 2017-2021 with the launch of Global Equities and Fixed Income funds in 2017/18 and 2018/19, Real Estate in 2018/19 and 2019/20, and Infrastructure and Alternatives in 2019/20. Overall, as a result of this expansion the number of sub-funds is likely to increase from 6 to 28 under current assumptions, leading to a forecast increase in AUM from £3.2 billion in March 2017 to £14.1 billion by March 2022. This is equal to 49% of the £29.2 Bn total LLA assets (as of March 2015). Based on the projected AUM growth and other current assumptions, management fees are forecast to grow from £640K at end 2016/17 to £3.9 Mn by end 2021/22.

As it is difficult for LCIV to accurately forecast AUM growth and resulting management fees as decisions to transition assets reside with the LLAs, a number of revenue and cost scenarios have been modelled (working with a sub-group of LLA Treasurers) before finalising the proposed Annual Budget. With the budgeted AUM growth, LCIVs management fees are unlikely to cover annual operating costs over the planning period and additional funding will be required.

It is important to point out that based on LCIVs estimates approximately 60% of 2017/18 expenditure will be focused on fund launches and development projects, with only 40% being targeted on recurring activities or BaU. This ratio of fund launch/development projects to BaU expenditure is forecast to change gradually over the planning period shifting to 10% fund launch/development projects and 90% BaU spend in 2021/2022.

In order to cover the cash flow imbalance between annual revenues and annual costs, LCIV is proposing to introduce a development funding charge (DFC) until LCIV generates sufficient management fee income to cover annual operating costs. The DFC would be in addition to the annual service charge and will decline year on year starting at £75,000 in 2017/18 and reducing to £10,000 in 2021/22 as AUM and management fees rise over the five years.

On 16 December 2016 Marcus Jones MP (Minister for Local Government) wrote to Lord Kerslake, Chair of LCIV, following a meeting to discuss the joint submission of LCIV and the LLAs to government in July 2016. In his letter the Minister noted that, in the government's view, the current forecasts and transition of assets into the LCIV pool will be "unacceptably slow".

Using a more optimistic AUM growth scenario where £19.4 Bn or 67% of the £29.2 Bn LLA assets are transferred to LCIV by March 2022, the DFC would drop to £25,000 in 2019/20 and LCIV would become self-funded through management fees and the annual service charge in 2020/2021, two years earlier than the current plan.

Expense Forecast. Given the expansion in the variety of asset classes and sub-funds, additional resources and systems are required to support:

- the number and variety of funds;
- ongoing investment oversight and risk management; and
- client, financial, and regulatory reporting.

On this basis, total expenses are forecast to increase from £2.3 Mn in 2016/17 to £4.9 Mn in 2019/20 driven by:

- an increase in staffing levels from 11 to 25 over the planning period, which accounts for more than 50% of the cost base;
- investment in client reporting, performance management and risk systems; and
- legal and professional fees associated with sub-fund launches, particularly new asset classes which will require new legal structures and front and back office operating processes to be developed.

Capital Expenditure. The forecast includes a total capital expenditure of £150,000 in 2018/19 which is comprised of:

- £100,000 for ICT equipment to improve IT resilience, and functionality, which will be depreciated over 3 years; and
- an allowance of £50,000 for fixtures and fittings to fit out expanded accommodation which will be depreciated over 3 years.

Enterprise Risks. LCIV Board and Executives have reviewed the risks associated with delivering the 2017/18 plans and identified the key Enterprise Risks, mitigation plans and key risk indicators as outlined in the Enterprise Risk Register, Fig 11. These risks will be monitored on an ongoing basis and status reported quarterly to the Board and stakeholders.

Performance Reporting. LCIV will provide quarterly reports on performance of its funds, annual and half yearly report and accounts and regular newsletter updates. In addition, LCIV's Executive team will provide an update to the Board and stakeholders on progress against the business plan's 2017/18 objectives, including fund launches, financial performance and forecast for the remainder of the financial year and risks.

4. LONDON CIV STRATEGIC FRAMEWORK

LCIV's strategic framework outlines the core purpose of the organisation, its vision, and the value proposition to the LLAs.

Purpose. LCIV's purpose is to create a collective investment vehicle for London Local Authority (LLA) Pension Funds which delivers broader investment opportunities and enhanced cost efficiencies than LLAs can achieve individually and overall better risk-adjusted performance.

Vision. LCIV aims to be the vehicle of choice for Local Authority Pension Funds through successful collaboration and delivery of compelling performance

Value Proposition. The LCIV value proposition to the LLAs focuses on:

- Performance:** providing superior risk adjusted investment outcomes by leveraging scale economies and full-time resources focused purely on investment management
- Opportunity:** providing a broader range of investment opportunities than might be accessible by an LLA acting alone
- Efficiency:** providing cost effective investment products through leveraging the scale of LLA pooled assets and being an efficient organisation
- Transparency:** providing transparent reporting across investment performance, client reporting, risk management and client benefits

LCIV Objectives. Below are LCIV's Aims and 2017/18 Objectives and KPIs.

LCIV Aims
Investments and Investment Oversight <ul style="list-style-type: none"> • Deliver cost effective investment solutions which enable the LLA Pension Funds to meet their investment objectives • Demonstrate and deliver effective investment oversight appropriate for a large scale regulated investment vehicle
Client Service <ul style="list-style-type: none"> • Provide excellent client service • Deliver identified client cost savings benefits • Deliver transparent, regular and effective reporting to clients and stakeholders
Finance and Business Operations <ul style="list-style-type: none"> • Achieve target AUM levels and revenues • Maximise operational and cost efficiencies • Establish a high-performing learning organisation
Governance, Risk and Compliance <ul style="list-style-type: none"> • Deliver LCIV's value proposition within an effective governance structure • Remain an enterprise risk managed and compliant company

LCIV 2017/18 Objectives

Investments and Investment Oversight

- Complete launch of identified and agreed commonality funds
- Launch Global Equity and Fixed Income fund strategies as prioritised in collaboration with LLAs and supported by a business case and transparent benefits
- Deliver quarterly investment oversight dashboard monitoring mandate drift and performance and taking proactive action where required

Client Service

- Complete assessment of LLA needs based on triennial valuation results
- Agree client reporting and service model and implement including SLA
- Establish robust and transparent benefits reporting by LLA

Finance and Business Operations

- Manage costs in line with approved budget
- Finalise target operating model and complete implementation of core systems
- Deliver staff recruitment plan
- Meet LCIV Board and stakeholder MI and reporting requirements and timetables

Governance, Risk and Compliance

- Maintain compliance with FCA regulation including third parties
- Unqualified annual audit report
- Satisfactory Depositary reviews (no red/critical issues)
- Maintain Enterprise Risk register and manage business in accordance with risk appetite statement and agreed tolerances

LCIV 2017/18 KPIs

- AUM: At or above £6.3 Bn
- Income: Management fee income in line with budget
- Expenses: Expense spend in line with budget
- Clients: Deliver products and services from which all 32 LLA pension funds can benefit and have agreed and signed SLAs in place
- Staff: 13 staff on-boarded
- Governance: No significant audit or compliance issues

Charging Principles. As LCIV's purpose is to improve cost efficiency and provide better risk adjusted performance and broader investment opportunities for Local Government Pension Scheme Funds, the company does not aim to make a significant profit. In light of this, LCIV has developed the following charging principles and structure.

Fairness: Charges should be structured as fair as possible to ensure benefits and costs are fairly distributed across investors.

Transparency: LCIV will be transparent with any charges to the LLAs and provide quarterly budget updates to stakeholders.

Structure: LCIV's business model currently has two charging mechanisms:

- (i) a management fee on AUM
- (ii) an annual service charge of £25,000

LCIV is still in the build phase of development and will require additional funding to invest in required skills, expertise and core infrastructure in order to become a fully established fund management company. To address this funding need, LCIV is proposing to introduce a development funding charge (DFC) to cover the investment required to build the organisation and become self-funded.

Management Fee: The key criteria when setting the LCIV management fee level is to ensure that clear, material net benefits can be achieved inclusive of the LCIV management fee. Therefore, LCIV will ensure:

- Management fees in the annual budget and MTFS will be set at prudent levels
- Management fees are transparently included in the TER of each sub-fund; annual service charge costs are not included in the TER

Service charge: The £25,000 annual service charge is akin to a membership fee providing access to the breadth of LCIV services. The charge is invoiced at the start of each financial year.

Development Funding Charge (DFC): The DFC will cover the investment needed to build out LCIV's fund offering and organisational infrastructure. The DFC level will be set through the annual planning process and proposed to the shareholders when the Annual Budget for each financial year is set. It is proposed that the DFC is invoiced in two parts with 66% of the charge invoiced in April with the remaining 33% to be invoiced in December of each financial year. The December invoice will be adjusted according to the prevailing budget and business needs.

5. 2016/17 BUDGET

The status of the annual budget for 2016/17 was reviewed and approved by LCIV Shareholders at the Company General Meeting held on 13th December 2016. The summary figures from the budget include £1.5Mn in revenues, £2.3 Mn operating expense and a deficit of near £800K. The Shareholders agreed that the 2016/17 budget deficit would be covered by existing capital reserves. Details of the 2016/17 budget and capital adequacy statement can be found in Appendix A.

6. FUND LAUNCH PLANS AND AUM AND REVENUE FORECAST

Investment Principles. LCIV is currently developing a proposal for Investment Principles and will be sharing this with the LLAs to develop a high level set of investment principles which will provide a framework for LCIV's efforts to identify and offer attractive investment opportunities aligned with the LLA's principles and needs.

Current fund status and revenue. As of end December 2017, LCIV has launched 6 sub-funds and 14 LLAs are invested with £3.2 Bn AUM. Management fee income in the first half of 2016/17 was £260K and forecast to reach £640K by March 2017. The service charge for the current year is £25K per LLA with total service charge revenue of £850K including a payment from one LLA from 2015/16. Consolidated management fees and service charge revenue for the first year of operation are forecast to be £1.5 Mn.

Fund launch and AUM forecast. LCIV will be completing the sub-fund launches of the Commonality, Quality and Conviction (CQC) phase encompassing Equities and Multi-Asset funds in early 2017. The asset class prioritisation of the forward looking fund launch plans has been based on the London LGPS Funds consolidated asset allocation as of March 2015. Given that the asset classes with the largest fund allocations are also (relatively speaking) easier asset classes to access, prioritising fund launches based on the size of existing fund allocation was seen as the optimal route to provide opportunities to as many LLAs as possible in the shortest timeframe. As such LCIV has prioritised the procurement of Global Equities funds to be delivered in 2017, followed by Fixed Income funds and broadening to Real estate, Infrastructure and Alternative assets.

While LCIV builds its in-house capacity particularly in the Real Estate and Infrastructure areas, efforts will also be made to explore options to invest earlier in these asset classes. This will include investigating opportunities to work with other areas of the Local Government Pension Schemes (LGPS).

It is recognised that the current triennial valuation may impact the strategic asset allocation and investment needs of the LLAs. With this in mind, LCIV will liaise closely with the LLAs and the Investment Advisory Committee to ensure that the focus of our fund development and investment opportunities are aligned with their needs.

As we move to broaden the asset classes, LCIV should add value beyond leveraging scale to reduce management fees. With the likely changes in strategic asset allocation, combined with fundamental changes in markets, together with industry upheaval for fund managers, the LLAs, working with LCIV, could move beyond standard products and have products built to their specifications which could have both lower fees and materially better returns. This is most applicable to “alternative” asset classes which are planned for launch at the end of 2018 and during 2019, although structural changes in the Fixed Income markets, particularly in traditional, publicly traded assets, have meant that it may be necessary to look at private market debt as we expand into Fixed Income.

The fund launch and supporting plan is based on the cost structure and operational requirements of a single-manager sub-fund operating under LCIV’s current Financial Conduct Authority (FCA) regulatory approvals which do not include advisory services. The fund plan includes an expansion from 6 to 28 sub-funds over the planning period and growth from £3.2 Bn AUM in March 2017 to £14.1 Bn by March 2022. The fund launch plan for 2016/17 and 2017/21 with estimated AUM at launch date are shown in Fig. 1 below.

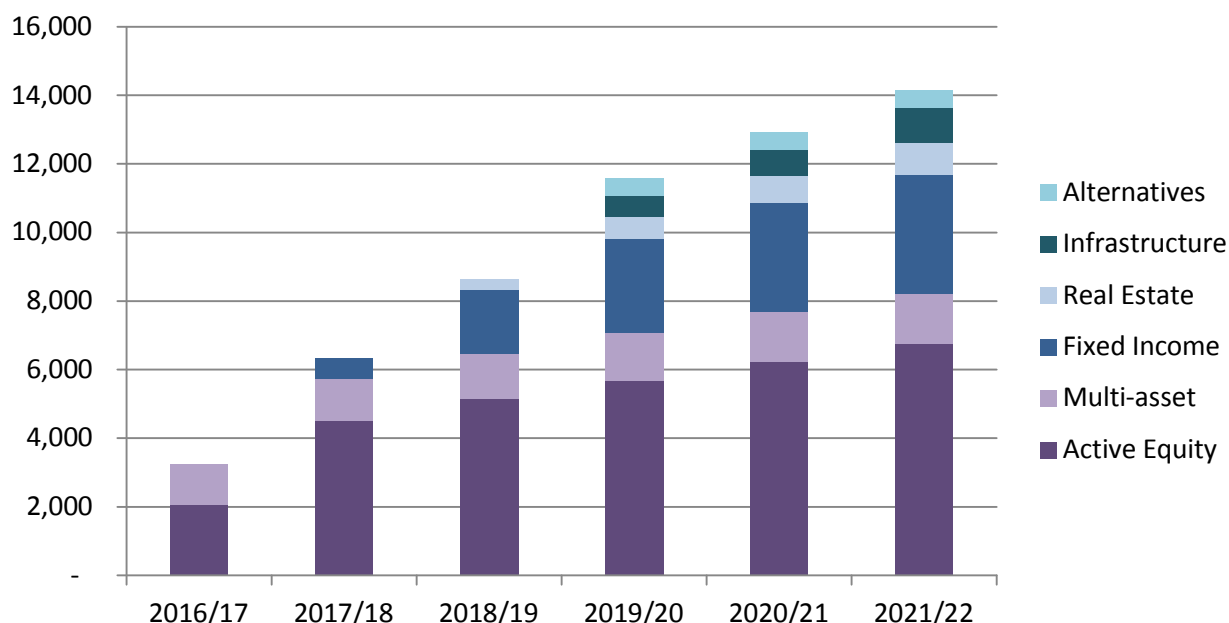
Figure 1. LCIV Fund Launch Plan with estimated AUM at launch

	Q1			Q2			Q3			Q4			New Funds	Total Funds
	April	May	June	July	August	September	October	November	December	January	February	March		
2016/17			Ruffer Abs Ballie Gifford Return (£335) Global Alpha (Purford Abs) (£1455) Return (£200)	Work on passive asset structure and fee negotiations					Newton Real Return (£330)				4	6
2017/18	Majedie (£530) Newton Global Equity (£500)	Longview (£450)				Global Equity 1 (£200) Global Equity 2 (£200) Global Equity 3 (£150)			Global Equity 4 (£150) Global Equity 5 (£150)			Fixed Income 1 (£300) Fixed Income 2 (£300)	10	16
2018/19			Real Estate 1 (£300)	Fixed Income 3 (£300) Fixed Income 4 (£300)			Fixed Income 5 (£300) Fixed Income 6 (£300)						5	21
2019/20			Real Estate 2 (£300)	Infrastructure 1 (£300) Infrastructure 2 (£300)			Fixed Income 7 (£300) Fixed Income 8 (£300)			Alternatives 1 (£250) Alternatives 2 (£250)			7	28
2020/21 2021/22	No individual fund launches detailed in plan AuM growth driven by subscriptions to funds on platform													

The fund launch plan for financial years 2020/21 and 2021/22 does not identify specific fund launches either by asset class or size as this is highly speculative given potential asset allocation changes from the next triennial review in 2019. The forecast AUM growth in the plan beyond the initial fund launch AUM is driven by estimates of additional subscriptions into existing funds across the asset classes. The AUM forecast across asset classes is shown in Fig. 2.

Figure 2. AUM Forecast based on 2017-2021 Fund Launch Plan

Total AUM (£Mn)



Overall, the forecast AUM of £14.1 billion by March 2022 represents the transfer of 49% of the total £29.2 Bn (as of March 2015) of LLA assets. The forecasted share of LLA asset transfer to LCIV is based on March 2015 LLA asset allocation and outlined below in Fig. 3.

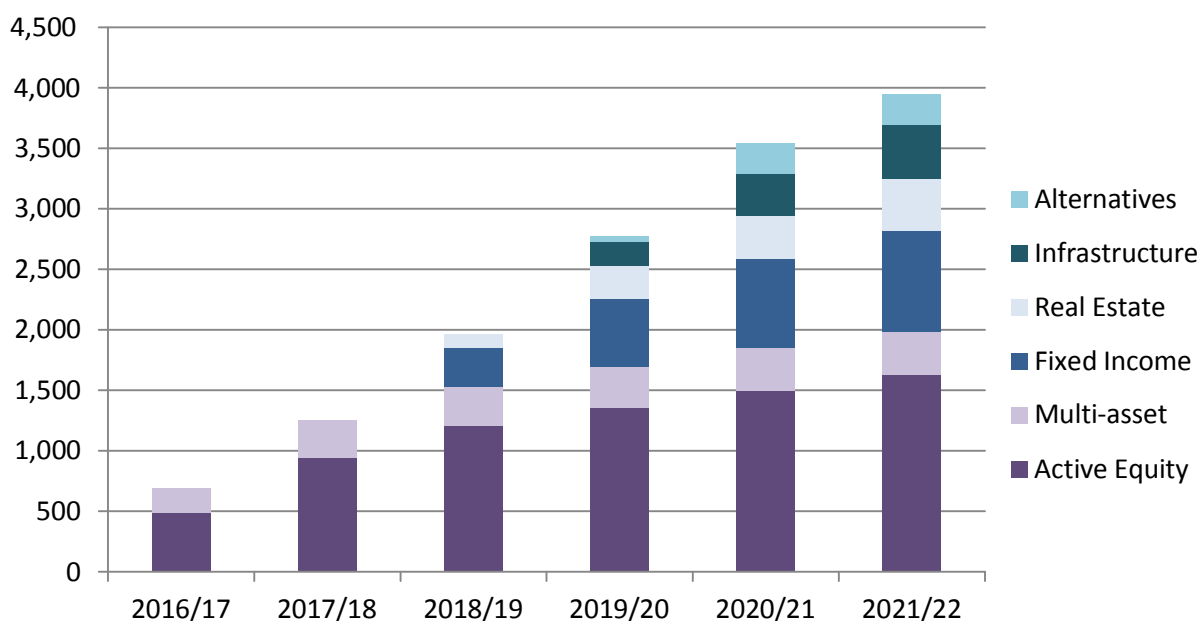
Figure 3. Share of LLA Assets transferred based on 2017 /21 Fund Launch Plan

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Share of LLA Assets	Mar-17	Mar-18	Mar-19	Mar-20	March 21	March 22
Active Equities	21%	46%	53%	59%	64%	70%
Passive Equities	0%	0%	0%	0%	0%	0%
Multi Asset	45%	48%	50%	52%	55%	55%
Fixed Income	0%	12%	38%	55%	64%	70%
Property	0%	0%	14%	32%	38%	45%
Infrastructure	0%	0%	0%	306%	398%	517%
Alternative Assets	0%	0%	0%	36%	36%	36%
Total share of LLA Assets transferred	11%	22%	30%	40%	44%	49%

Revenue forecast. Based on the fund launch plans and estimated AUM, the management fee revenue is forecast to grow from £640K at end 2016/17 to £3.9 Mn by end March 2022. LCIV is also currently working with stakeholders to agree an approach to passive assets. During 2016/17, LCIV negotiated significant savings for fourteen funds invested with Legal & General and it has been suggested that the LLAs who benefitted from LCIVs time and effort should pay a fee for the realised benefits. This potential fee would be additional income and has not been included in the revenue forecast. The management fee forecast for the planning period is shown in Fig. 4 below.

Figure 4. Management fee Revenue Forecast

Total Management Fee (£000)



The assumptions of the above revenue forecast over the planning period include:

- management fees per asset class are constant over planning period
- management fee for Equities and Fixed Income is 2.5 basis points (bp)
- management fee for Real Estate, Infrastructure and Alternatives is 5.0 bp
- additional subscriptions are made to funds where no capacity constraints apply
- passive funds will be managed outside LCIV and no passive fee revenue is included
- there are no fund redemptions or sub-fund closures during the planning period
- current LCIV regulatory approvals are sufficient to implement plans

There are two key components for LCIV to deliver the above fund launch plans and associated revenue targets. These include:

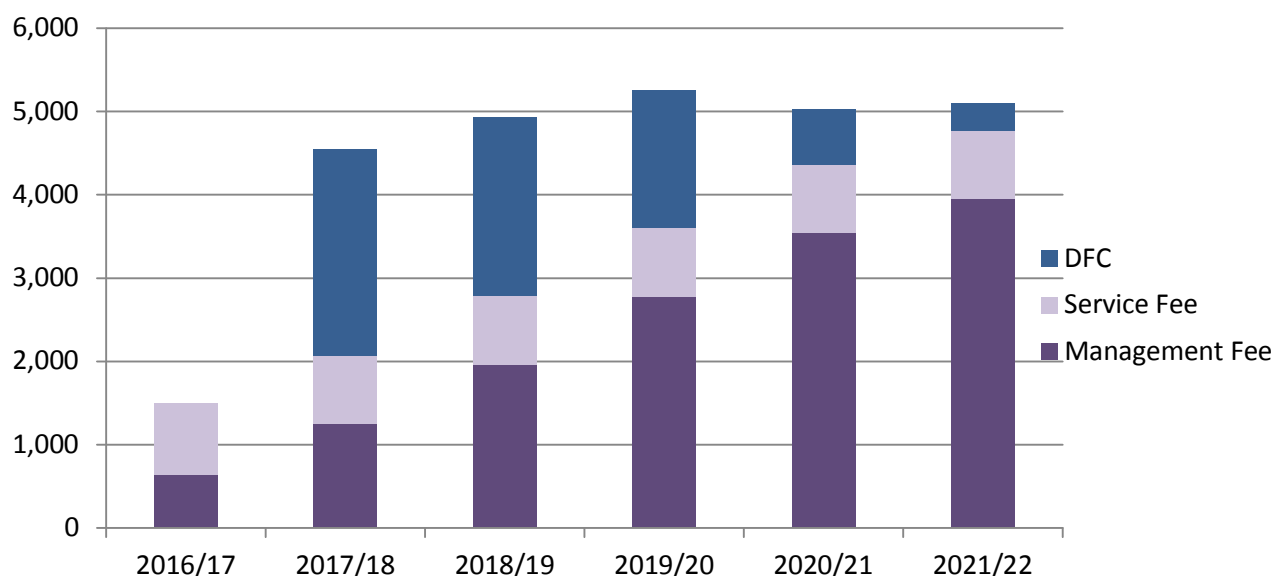
- the provision of attractive investment opportunities by LCIV to the LLAs
- the pace at which the LLAs transfer their assets to LCIV

Service Charge and Development Funding Charge. The annual service charge for the planning period will be at £25,000. The DFC which is proposed to be introduced in 2017/18 would be set at £75,000 in 2017/18 and decline year on year to £10,000 in 2021/22.

Total revenue forecast. Based on the management fee forecast, service charge and proposed DFC, the total revenue is forecast to grow from £1.5 Mn in 2016/17 to £5.1 Mn in 2021/22 enabling the company to invest in the critical resources, skills and infrastructure to deliver the forward looking plans. Total revenue forecast is shown in Fig. 5.

Figure 5. Total Revenue Forecast

Total Revenue (£000)

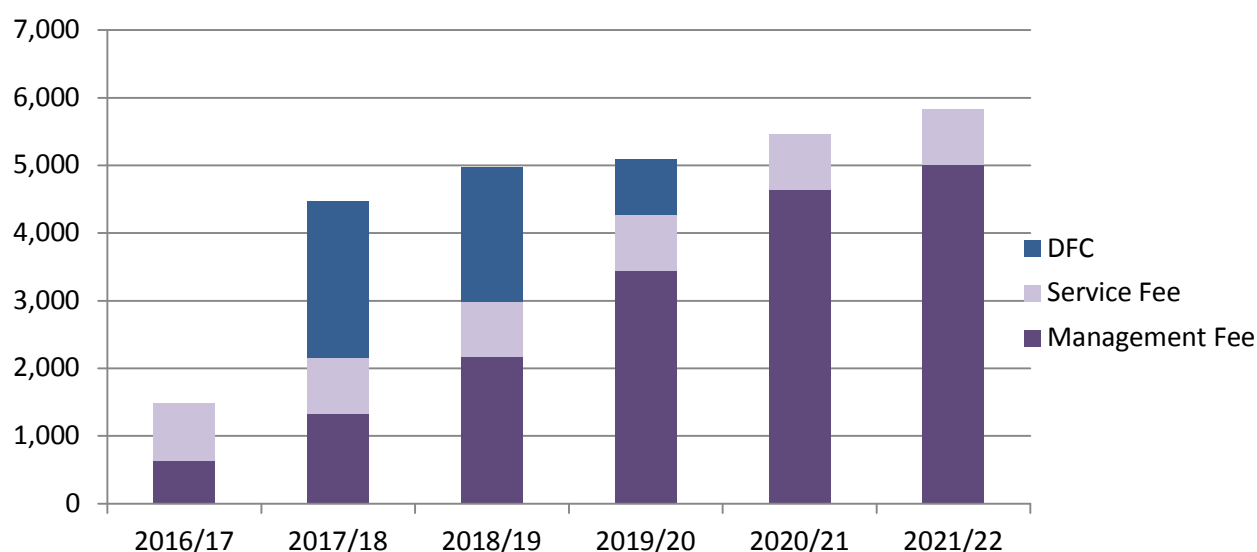


On 16 December 2016 Marcus Jones MP (Minister for Local Government) wrote to Lord Kerslake (Chair of LCIV) following a meeting to discuss the joint submission of LCIV and the LLAs to government in July 2016. In his letter the Minister noted that, in the government's view, the current forecasts and transition of assets into the LCIV pool will be "unacceptably slow".

Recognising that transition of assets can only happen as and when LCIV provides the necessary investment opportunities and material benefits can be accessed, a more ambitious pace of fund transfer would suggest that AUM of £19.4 Bn could be achieved by March 2022 (versus planned £14.2 Bn) representing 67% of total LLA assets (versus planned 49%). Apart from responding to the government's challenge this would also result in the DFC declining to £25,000 in 2019/20 and enabling LCIV to cover its annual operating costs from fund management fees by 2020/21, two years earlier than forecast in the current plan. This scenario is based on a faster pace of asset transition and assumes no change in the forecast cost, cost structure or number of funds. LCIV will work closely with the LLAs and seek to jointly deliver a more aggressive pace of asset transfer during the planning period. A summary of revenue scenario with increased pace of fund transfer is shown below in Fig.6.

Figure 6. Revenue Scenario

Total Revenue (£000)



7. EXPENSE FORECAST

LCIV is moving from implementation and proof of concept to a key development phase for the organisation which requires additional resource investment to deliver proposed fund launch plans. The key cost drivers over the planning period are the variety, complexity and number of sub-funds, staff expansion, investment procurement, professional costs relating to fund structuring and launches, and core information and communication technology (ICT), risk and systems implementation.

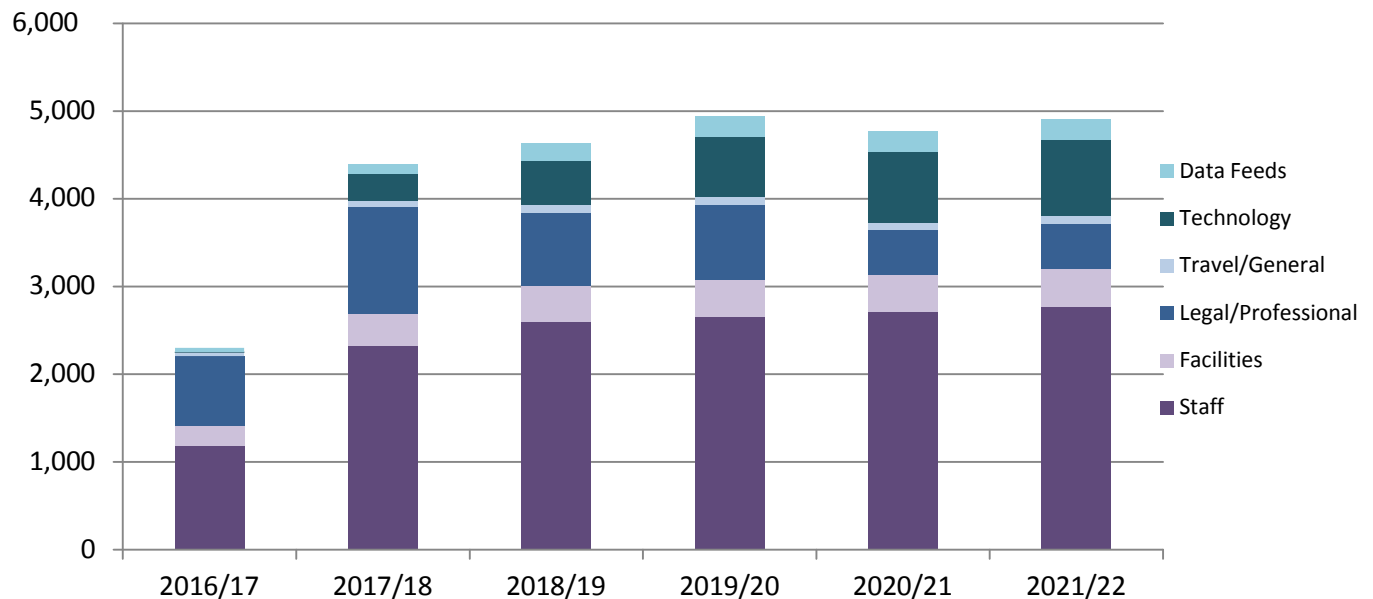
From the current base of 6 funds, the number of funds is forecast to increase to 28 and new asset classes may require different fund structures outside of LCIV's Authorised Contractual Scheme (ACS). Staffing to support the growth in assets and business complexity is planned to increase from 11 to 25 resources. There will be a continuing need to utilise external legal and professional services for the fund launches, technology development and organisational expansion.

Consequently, LCIV's costs will increase from £2.3 Mn in March 2017 to £4.9 Mn by March 2022. The increase in costs is primarily driven by operating costs (including the need to recruit staff with the appropriate skills and knowledge base), as well as costs relating to fund launches and operational set up.

To be consistent with the charging principles and ensure costs are fairly distributed across stakeholders, LCIV will be proposing charging fund opening costs such as legal fees and investment consulting fees to the funds, where possible. Accordingly, investors in the fund would incur the directly related fund set-up costs. These costs could be in the region of £50K per sub fund, but can be amortised over a number of years to reduce the immediate impact on early investors. However, for cash flow reasons, the financial plan includes the budgeted set up costs as an LCIV expense currently and would reduce LCIV costs if charged to the sub fund. A summary of the expense forecast is shown below in Fig. 7

Figure 7. Total Expense Forecast

Expense Total (£000)



The rationale and key assumptions across the cost line items are outlined below:

Staff. The staff expansion plans and timing have been driven by three key factors:

- fund launches by asset class (see Fig. 1) and the need to hire front office investment, investment oversight and client support capabilities to deliver and monitor a the planned fund range;
- the need to hire core skills for middle and back office including a fund accounting, risk management, and systems and data management; and
- additional middle and back office staff to support the compliance and operational requirements of the fund expansion.

An overview of the current resources and staff build plans are in Fig. 8 below.

Figure 8. 2017/18 Staff Build Plans

Year	Quarter	Front Office	Middle/Back Office	New Staff	Total Staff
<i>CEO and Office Manager/EA</i>					
<i>Current Resources</i>		<i>CIO</i> <i>AD Borough Client Management</i> <i>Head of Investment Oversight</i> <i>Investment Analyst</i> <i>Investment Analyst</i>	<i>COO</i> <i>Programme Director</i> <i>Compliance/Risk Manager</i> <i>Operations Manager</i>		11
2017/18	Q1	Global Equities Manager AD Investment Oversight/ Performance Client management Assistant	Fund Accountant Systems/Data Manager	5	16
2017/18	Q2	Fixed Income/ Alternatives Manager	Management Accountant Operations Assistant Project Manager	4	20
2017/18	Q3	Real Estate/ Infrastructure Manager	Risk Officer	2	22
2017/18	Q4	Client Management Assistant Administrative Assistant ---- General Support		2	24
2018/19	Q1		Compliance Assistant	1	25

The plan envisages front office staff growing from 5 to 11 staff. The hiring plan has been developed to ensure:

- adequate time for asset class managers to be in place prior to the launch of the new asset class funds;
- sufficient client management resources to deliver effective LLA engagement, service and appropriate data and reporting to the LLAs; and
- robust oversight of sub-funds, including rigorous challenge of investment manager performance.

In order to ensure the business is properly supported, compliant with regulatory requirements, and that risks are adequately identified and managed, the resourcing plan includes the middle and back office growing from 4 to 11 staff. The new staff will fill key functional areas including:

-
- fund and firm accounting
 - risk management
 - systems and data support
 - compliance
 - operations.

A general administration assistant will be hired to support the administration needs of both the front and back office staff and expansion.

The remuneration of staff has been budgeted using scales and salary bands of London Councils as a guide. In addition, the LCIV Board is committed to following the London Council Diversity and Equality Guidelines and will apply these during the LCIV staff recruitment process.

Legal and Professional Fees. LCIV work with a variety of professional advisers who advise and assist on a number of technical issues over the planning period. Eversheds are the main source of legal support and provide advice on fund launches, tax, Freedom of Information (Fol), regulatory compliance, employment and governance matters. Other professional service costs include investment oversight support, audit services with Deloitte, Financial Conduct Authority (FCA) fees, internal audit costs, and investment consultant fees in respect of new fund launches and procurement. There will also be consulting support for IT implementation and staff expansion and hiring.

Technology and Data Feeds. ICT support is currently provided by London Councils/City of London as part of the facility arrangements with London Council. As the business requirements of LCIV grow, the technology infrastructure will require additional resources both in terms of staffing and systems to ensure that the appropriate level of resilience and disaster recovery/business continuity support are in place and appropriate to the scale and size of a substantial asset manager. The target operating model will be scoped in Q1 FY 2017 for the systems infrastructure across client and management reporting, performance measurement, online client portals, business continuity and risk management.

As the range and complexity of the ACS platform grows and its fiduciary responsibilities increases, LCIV must ensure that the staff and the Board have the necessary tools to manage this growth and deliver appropriate oversight of the operation. Investment in the infrastructure will allow for operational leverage as the AUM and business expands.

8. CAPITAL SPENDING FORECAST

The forecast includes a total capital expenditure of £150K in 2018/2019, comprising £100,000 for ICT equipment which will be depreciated over 3 years and an allowance of £50,000 for fixtures and fittings to support office expansion within London Councils' Southwark Street offices which will also be depreciated over 3 years.

9. BENEFITS DELIVERY

LCIV is focused on delivering benefits to the LLAs. Regarding quantifiable benefits for the initial launch phase of funds, these have been calculated based on the fee scales pre and

post transition and include the costs associated with the LCIV charges including asset servicer and custody costs.

As of end Q3 2016, the total benefits delivered on £2.5 Bn AUM was estimated to be just under £1m annualised. Incorporating the second half 2016/17 fund launch plan and AUM forecast, the estimated benefits delivered in 2016/17 is forecast to be £1.5 Mn annualised on £3.2 Bn AUM. An additional three sub-funds are forecasted to be launched during Q2 of 2017 with a further £1.5 Bn AUM delivering an estimated £2.4Mn annualised additional savings. In addition, LCIV have negotiated significant savings fee savings for fourteen LLAs invested with Legal & General in passive life funds delivering an annualised savings of £1.85m net on the £3.1 Bn AUM held in LGIM passive life funds outside of LCIV.

With the completion of the CQC in the early FY 2017, the approach to calculating benefits will be reviewed. Where new funds are being launched through a procurement exercise, estimated savings will be provided by comparing the standard institutional rates charged by third party investment manager fees compared to the rates being offered through LCIV.

Tax benefits, procurement savings and lower custody costs are additional cashable benefits with the first procurement benefits being realised with global equity exercise that is currently underway. It is not possible to estimate withholding tax benefits with any accuracy at this point without undertaking a complex and time consuming exercise, however the ACS is a more tax efficient fund structure than many others and was the determining factor in choosing this fund model. Custody costs will be reduced as assets increase through the CIV, but also at a local level, where LLA custody costs should decrease over time as assets are moved across to LCIV.

The non-cashable or softer benefits previously outlined include: data transparency and data access, shared investment manager oversight, regulatory scrutiny, governance, access to alternative investments, responding proactively to the wider LGPS efficiency agenda, market management as well as greater levels of responsible investment and engagement across London.

10. FINANCIAL SUMMARY

The key summary financials over the planning period show AUM growth from £3.2 Bn to £14.1 Bn and an increase in related management fee income from £640K to £3.9 Mn. Increased spend on critical staff and systems resources to build out the core investment and operational processes and procedures will result in costs increasing from £2.3 Mn to £4.9 Mn. As previously noted, the increase in costs is due to fund launches, operational set up and normal operating costs with the earlier years of the plan's costs relating to fund launch and set up.

To fund the shortfall during this key development phase, LCIV is proposing a DFC of £75,000 in 2017/18. The DFC will be invoiced in two parts; two thirds of the DFC will be billed in April at the beginning of the financial year and the balance invoiced in December in the financial year to which the DFC relates. The DFC will be set and agreed as part of the annual budgetary process which according to the shareholders' agreement will be agreed no later than 60 days prior to the beginning of the relevant financial period. The DFC will decline over the planning period as management fee income increases and LCIV becomes self-funding from management fee income.

The service charge is forecast to remain constant at £25,000 and will be invoiced annually in April at the beginning of each financial year.

The majority of LCIV's expenses are either monthly (payroll, reporting partner, IT costs, data feeds) or quarterly in arrears such as London Council's (facilities) or City of London's fees. Consulting and other professional fees which are fund or project related are ad hoc in nature but represent less than 15% of annual expenditure.

LCIV is not a capital intensive operation and over the course of the five years of the MTFS, has budgeted for capital expenditure of a total of £150K to cover IT upgrades and office refurbishment in financial years 2017/18. The capital expenditure is required to cover office expansion due to the increase in headcount and increased IT infrastructure resilience. Therefore, the balance sheet of LCIV is operationally liquid and meets the requirement for FCA capital adequacy purposes and LCIV does not anticipate cash flow management challenges provided the annual service charge and DFC are paid as invoiced.

If any significant surplus occurs during the planning period, LCIV's Board will propose one of three options to the LLAs, those being:

- (i) retain surplus and increase capital within the business,
- (ii) reduce DFC, annual service charge and/or ad valorem charge in subsequent years
- (iii) pay out surplus to shareholders as a dividend

The 2017/2021 Profit and Loss, Balance Sheet and Cash Flow summary statements are shown the Summary Financial Statements below in Fig. 9.

Figure 9. Summary Financial Statements

KEY SUMMARY DATA	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	March 17	March 18	March 19	March 20	March 21	March 22
Assets under management (AUM) in £Mn	3,252	6,344	8,641	11,562	12,922	14,129
New Sub-funds launched in year	4	10	5	7	0	0
Total Sub Funds FY Year End	6	16	21	28	28	28
LCIV Staff (FY Year End)	11	24	25	25	25	25
LCIV Shareholders/Investors	32	32	32	32	32	32
Annual Service Charge	25,000	25,000	25,000	25,000	25,000	25,000
Development Funding Charge (DFC)		75,000	65,000	50,000	20,000	10,000

2027/2021 PROFIT AND LOSS	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	March 17	March 18	March 19	March 20	March 21	March 22
Operating Income						
Service Charge	850,000	800,000	800,000	800,000	800,000	800,000
Development Funding Charge (DFC)		2,400,000	2,080,000	1,600,000	640,000	320,000
Management Fee by Asset Class						
<i>Active Equity</i>	426,990	944,306	1,206,540	1,355,253	1,490,778	1,624,238
<i>Passive Equity</i>	0	0	0	0	0	0
<i>Multi-Asset</i>	212,593	306,270	321,584	337,663	354,546	363,193
<i>Fixed Income</i>	0	0	320,000	562,375	736,106	826,836
<i>Alternatives</i>	0	0	112,500	519,167	958,000	1,134,100
Total Management Fee by Asset Class	639,583	1,250,576	1,960,623	2,774,457	3,539,430	3,948,367
Total Operating Income	1,489,583	4,450,576	4,840,623	5,174,457	4,979,430	5,068,367
Expenses						
Staff	1,185,744	2,318,220	2,596,558	2,657,295	2,710,441	2,764,650
Facilities	231,651	359,256	409,082	419,560	427,751	436,106
Legal and Professional	791,046	1,231,000	836,000	859,000	504,000	519,000
Travel and General Expenses	38,465	67,375	82,750	89,000	89,250	89,240
Technology	6,944	308,458	510,167	682,240	803,500	869,500
Data feeds	43,880	110,000	195,000	230,000	230,000	230,000
Total Operating Expenses	2,297,731	4,394,309	4,629,557	4,937,095	4,764,942	4,908,496
EBITDA	-808,148	56,267	211,066	237,362	214,488	159,871
Depreciation	1,333	1,842	51,719	50,509	50,000	0
Interest Income	15,000	15,000	15,000	15,000	15,000	15,000
PBT	-794,482	69,425	174,347	201,853	179,488	174,871
Corporate Tax @15%	0	0	0	0	0	825
Net Profit/Loss	-794,482	69,425	174,347	201,853	179,488	174,046
	-794,482	-725,056	-550,710	-348,856	-169,368	0

Figure 9. Summary Financial Statements (continued)

2017/2021 BALANCESHEET	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
BALANCE SHEET	March 17	March 18	March 19	March 20	March 21	March 22
Non-Current Assets						
Plant, Property and Equipment (PPE)	5525	5525	155,525	155,525	155,525	155,525
Accumulated Depreciation	1,456	3,297	55,017	105,525	155,525	155,525
Total Non-Current Assets	4,070	2,228	100,509	50,000	0	0
Current Assets						
Cash	4,068,591	4,139,858	4,215,924	4,468,286	4,697,774	4,871,819
Total Current Assets	4,068,591	4,139,858	4,215,924	4,468,286	4,697,774	4,871,819
Total Assets	4,072,660	4,142,086	4,316,432	4,518,286	4,697,774	4,871,819
Capital and Reserves						
A Class Shares	32	32	32	32	32	32
B Class Shares	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Retained Earnings	67,110	-727,372	-657,946	-483,600	-281,746	-102,258
Profit/Loss in year	-794,482	69,425	174,347	201,853	179,488	174,046
Total Capital and Reserves	4,072,660	4,142,086	4,316,432	4,518,286	4,697,774	4,871,819
Total Liability and Shareholder Capital	4,072,660	4,142,086	4,316,432	4,518,286	4,697,774	4,871,819

2017/2021 CASHFLOW	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	March 17	March 18	March 19	March 20	March 21	March 22
Operating Activities						
Operating Profit/Loss	-794,482	69,425	174,347	201,853	179,488	174,046
Depreciation	1,333	1,842	51,719	50,509	50,000	0
Change in Working Capital	0	0	-150,000	0	0	0
Cash from operating activities	-793,148	71,267	76,066	252,362	229,488	174,046
Total change in cash	-793,148	71,267	76,066	252,362	229,488	174,046
Beginning cash balance	4,865,809	4,068,591	4,139,858	4,215,924	4,468,286	4,697,774
Ending cash balance	4,068,591	4,139,858	4,215,924	4,468,286	4,697,774	4,871,819

11. REGULATORY CAPITAL REQUIREMENT

The regulatory capital requirement is determined by a FCA formula derived from a combination of AUM and the expenses of the business. As a regulated entity, LCIV is required to maintain a minimum of regulatory capital at all times and must formally report this to the FCA on a quarterly basis.

LCIV was capitalised to cover a budgeted AUM of £25 Bn with the issuance of £4,950,000 of B shares at £1 each. The capitalisation changed during the 2016/17 financial year due the planned merger of Richmond and Wandsworth Pension Funds resulting in a current capitalisation is £4,800,000. LCIV will be able to meet its regulatory requirements based on the current capital position and the proposed financial plan. A summary of the capital adequacy requirements and surplus are below in Fig. 10.

Figure 10. 2017/21 Capital Requirement

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
CAPITAL ADEQUACY	March 17	March 18	March 19	March 20	March 21	March 22
AUM Assumptions 2017/2021 (£ Mn)	3,252	6,344	8,641	11,562	12,922	14,129
A = Initial Capital - Euro 125k	111,607	111,607	111,607	111,607	111,607	111,607
B = 0.02% of AUM in Excess of EUR 250 Mn	605,797	1,224,239	1,683,472	2,267,707	2,539,696	2,781,126
C = Quarter of Operating Expenses	574,433	1,098,577	1,157,389	1,234,274	1,191,236	1,227,124
D = Professional Negligence	25,000	25,000	25,000	25,000	25,000	25,000
Regulatory Capital Requirement ¹	742,404	1,360,846	1,820,079	2,404,314	2,676,303	2,917,733
Share Capital	4,800,032	4,800,032	4,800,032	4,800,032	4,800,032	4,800,032
Retained Earnings	67,110	-727,372	-657,946	-483,600	-281,746	-102,258
Current Year P&L	-794,482	69,425	174,347	201,853	179,488	174,046
Total Reserves Carried Forward	4,072,660	4,142,086	4,316,432	4,518,286	4,697,774	4,871,819
Surplus/Deficit Regulatory Capital	3,330,256	2,781,239	2,496,353	2,113,972	2,021,471	1,954,086

12. COMMUNICATIONS

The London CIV objective in communicating to stakeholders is to provide transparent and effective communications and to seek ways to deliver ongoing improvements in our communications and reporting processes. LCIV has a wide range of stakeholders with whom it undertakes communications including (but not limited to):

- London local authorities as investors and shareholders
- Wider local government universe
- Central Government
- Investment Managers
- Third Party suppliers
- Media

In particular, the focus with investors and shareholders is to have a regular and consistent communication program to support partnership and two-way dialogue.

LCIV will use a diverse range of channels to communicate with stakeholders including electronic, paper based, verbal, seminars, and surveys. LCIV is committed to providing high quality reporting to its investors, with quarterly reports on performance of its funds, annual and half yearly report and accounts and regular newsletter updates. LCIV will set out its communications strategy and consult with key stakeholders on its content and timing.

13. GOVERNANCE

LCIV governance structure includes the Board and a number of committees of the Board, and stakeholder committees including the London Councils' Pensions CIV Sectoral Joint Committee and the Society of London Treasurers led Investment Advisory Committee. These bodies are responsible for providing:

-
- i. Oversight and scrutiny of LCIV;
 - ii. Providing input, assistance and advice to the development of LCIV's investment product.

A summary of the current governance bodies and their responsibilities are outlined below.

It should be noted that LCIV has engaged with key stakeholders and will be commissioning a governance review to ensure that the governance structures which were set up at the formation of LCIV pool arrangements remain fit for purpose and provide the appropriate levels of communication, governance, planning and decision making.

Regulated Entity Governance

LCIV Board of Directors. The LCIV Board comprises four non-executive directors (one of whom is the Chair) and three executive directors (the CEO, COO and CIO). The Board is responsible for overseeing the company's strategic direction including, setting and monitoring the delivery of the business plan and objectives, managing business risk including investment and operational risk, and approving fund launches and investment manager selection oversight.

The Board has the authority to delegate certain matters to Committees; however, the Board retains ultimate responsibility and supervises the discharge of all delegated matters. The Board meets at least four times a year on a quarterly basis. The Board's activities are governed by both the Articles of Association of the Company and the Shareholders' Agreement.

Investment Oversight Committee (IOC). The IOC is a Board Committee with responsibility for overseeing, maintaining and monitoring the investment strategy, performance and investment risk of the sub funds. The IOC does this in accordance with the investment policies approved by the Board and the investment guidelines, as set out in the Prospectus and any supporting documentation including the investment mandates and in compliance with the requirements of the AIFM Directive. Membership of the IOC consists of two Non-Executive Directors, one of which is the Chairman, and the Chief Executive Officer. The committee meets four times a year.

Compliance, Audit and Risk Committee (CARCO). The CARCO is a Board Committee and is responsible for overseeing the compliance and risk obligations of the Company in its capacity as a FCA regulated entity and as an Operator of the London LGPS CIV Authorised Contractual Scheme, including regulatory requirements, market practice and compliance with the requirements of the AIFM Directive. Membership consists of two Non-Executives one of which has risk oversight experience who is also the Chair, and the Chief Executive Officer. The CARCO meets four times a year.

Remuneration Committee (REMCO). The REMCO is responsible for setting the principles and parameters of the remuneration policy for the company and to make recommendations to the Board. Appointments to the Committee are made by the Board in consultation with the Chair of the London Council's Pensions Sectoral Joint Committee (PSJC). Appointments are for a period of up to three years extendable by no more than two additional three-year periods. Membership of the REMCO consists of two non-executive directors and the Chair

and Vice-chairs of the PSJC. The committee meets at least once a year and otherwise as required.

Stakeholder Engagement and Governance

London Councils' Pensions CIV Sectoral Joint Committee (PSJC). The PSJC acts as a representative body for those LLAs that have chosen to take a shareholding in London CIV. It exercises functions of the participating LLAs involving the exercise of sections 1 and 4 of the Localism Act 2011 where that relates to the actions of the participating LLAs as shareholders of the company. It also acts as a forum for the participating authorities to consider and provide guidance on the direction and performance of the CIV and, in particular, to receive and consider reports and information from the ACS Operator, particularly performance information, and to provide comment and guidance in response (in so far as required and permitted by Companies Act 2006 requirements and FCA regulations).

Investment Advisory Committee (IAC). The IAC is responsible for supporting elected members of the Pensions Sectoral Joint Committee on the investments of the CIV and to liaise with LCIV in defining the investment needs, reviewing fund managers and shaping the annual investment plan. Members consist of pension fund officers and treasurers on a rotating basis for up to three years. The IAC meets on a quarterly basis.

14. RISKS TO THE DELIVERY OF THE PLAN

A number of key assumptions have been made in respect of the fund launch schedule, value of asset transfer, AUM level and staffing requirements and costs.

The performance to plan will be reported on a quarterly basis to the Board and LLA stakeholders. As part of the quarterly reporting, the Executive team will provide an update on progress against the business plan's objectives for 2017/8, including fund launches, financial performance and forecast for the remainder of the financial year. The LCIV Enterprise Risk Register summarising the risks, mitigation plans and key risk indicators (KRIs) is shown below in Fig. 11.

Figure 11. LCIV Enterprise Risks

REF	KEY RISK INDICATORS		
1.0	INVESTMENT AND INVESTMENT OVERSIGHT		
1.1	Investment offerings do not meet LLAs' investment needs; LLAs do not transfer assets	<ul style="list-style-type: none"> Track individual LLA engagement, investment barriers Ensure early LLA engagement in procurement process and identification of seed investors Set clear and agreed investment principles 	<ul style="list-style-type: none"> RAG status of LLA engagement by fund offering Variance on target quarterly / annual AUM
1.2	Investments do not deliver required performance	<ul style="list-style-type: none"> Complete effective and thorough investment manager due diligence Monitor fund performance and challenge investment managers 	<ul style="list-style-type: none"> Quarterly fund performance reporting Investment managers reviews
1.3	Fund launches delayed and LLA investments/asset transitions delayed	<ul style="list-style-type: none"> Establish disciplined programme management and tracking of milestones Escalation of issues to Exco which may delay fund launch (eg LLA decisions, benefits business case, 3rd party timelines, etc) 	<ul style="list-style-type: none"> Launch project milestone delays Number of items escalated to Exco
1.4	LCIVs success results in fee reductions by current LLA fund managers and LLAs do not transfer assets	<ul style="list-style-type: none"> Effectively leverage scale to negotiate material fee reductions Close and ongoing engagement with LLAs to ensure strategic alignment with LCIVs purpose 	<ul style="list-style-type: none"> Level and transparency of communications with fund managers
1.5	Government views pace of LLA asset transfer as unacceptably slow creating a damaging response to LLAs/ LCIV	<ul style="list-style-type: none"> Ensure clear articulation of benefits to be gained by moving to LCIV Continue to build trust and confidence of LLAs in LCIVs capabilities to deliver benefits and performance 	<ul style="list-style-type: none"> RAG status of LLA engagement Variance on target quarterly / annual AUM Clarity of benefits in business case
2.0	CLIENT SERVICE		
2.1	Failure to deliver defined benefits to the London Local Authorities	<ul style="list-style-type: none"> Establish ongoing and transparent engagement with LLAs during fund development process in order to build business case and identify benefits Establish and agree standard benefits calculation approach with LLAs 	<ul style="list-style-type: none"> Fund business case not clearly articulated Variance on target and actual benefits
2.2	Failure to deliver effective client service and reporting	<ul style="list-style-type: none"> Establish and implement client service and reporting model Develop and complete SLA and implement with each LLA 	<ul style="list-style-type: none"> SLA breaches Dissatisfied clients

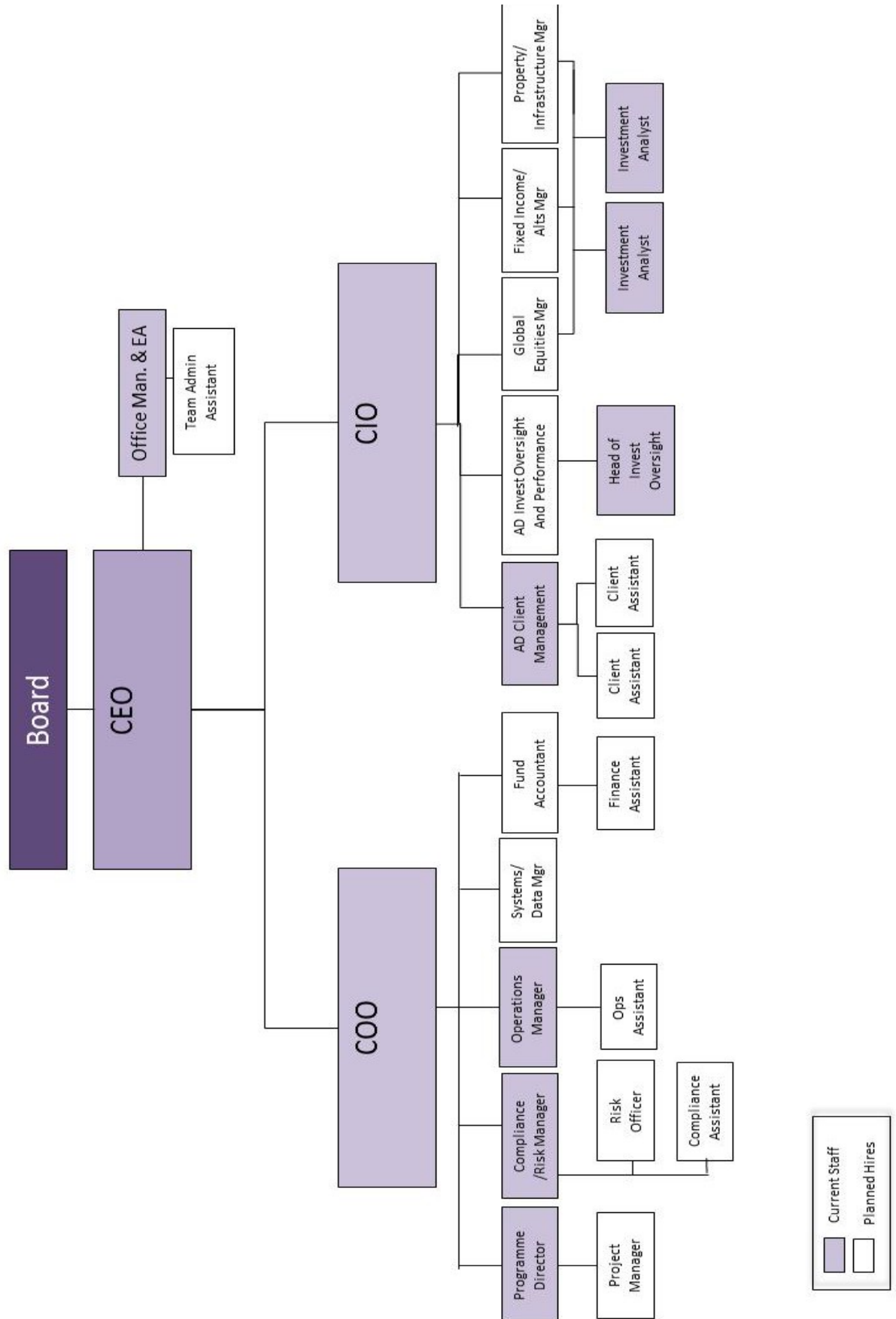
Figure 11. LCIV Enterprise Risks (continued)

REF	RISK	MITIGATION	KEY RISK INDICATORS
3.0	FINANCE AND BUSINESS OPERATIONS		
3.1	Insufficient staff, skills and business processes to deliver against business objectives	<ul style="list-style-type: none"> • Deliver staffing and recruitment plan • Maintain appropriate organisational structure • Ensure staff performance objectives/targets are documented and tracked • Implement target operating model and document business processes 	<ul style="list-style-type: none"> • Hiring plans not in place • Critical skill/functional gaps • Performance targets not met • Effective business processes not in place
3.2	Financial controls not in place to ensure delivery against budget	<ul style="list-style-type: none"> • Monthly budget reporting to ExCo • Quarterly budget reporting to Board and Stakeholders 	<ul style="list-style-type: none"> • Budget variance in monthly and/or quarterly reporting
4.0	GOVERNANCE, RISK AND COMPLIANCE		
4.1	Lack of appropriate business governance to deliver against business plan and objectives	<ul style="list-style-type: none"> • Ensure proper governance is followed for decision making • Deliver accurate, timely and comprehensive MI on KPIs and business plan progress 	<ul style="list-style-type: none"> • Inadequate/misleading MI for decision making • Individual decisions made without oversight which impact the budget, business priorities
4.2	Lack of appropriate culture and tone from the top to establish high performing team and compliant behaviour	<ul style="list-style-type: none"> • Ensure organisation has clear vision and purpose • Establish clear roles/responsibilities, performance objectives and targets • Ensure adherence to LCIV policies and procedures 	<ul style="list-style-type: none"> • Employee engagement • Underperformance (organisational/individual) • Compliance breaches
4.3	Failure to comply with existing or new financial regulations	<ul style="list-style-type: none"> • Implement thematic based review of controls • Deliver compliance monitoring plan • Complete consistent monitoring and reacting to new regulation 	<ul style="list-style-type: none"> • Items highlighted in compliance monitoring • Volume of new regulation • Items highlighted in external reviews

APPENDIX I
2016/2017 BUDGET AND CAPITAL ADEQUACY

2016/17 SUMMARY BUDGET	
	March 17
Operating Income	
Service Charge	850,000
Development Funding Charge (DFC)	
Management Fee by Asset Class	
<i>Active Equity</i>	426,990
<i>Passive Equity</i>	0
<i>Multi-Asset</i>	212,593
<i>Fixed Income</i>	0
<i>Alternatives</i>	0
Total Management Fee by Asset Class	639,583
Total Operating Income	1,489,583
Expenses	
Staff	1,185,744
Facilities	231,651
Legal and Professional	791,046
Travel and General Expenses	38,465
Technology	6,944
Data feeds	43,880
Total Operating Expenses	2,297,731
EBITDA	-808,148
Depreciation	1,333
Interest Income	15,000
PBT	-794,482
Corporate Tax @15%	0
Net Profit/Loss	-794,482
	-794,482
2016/17 CAPITAL ADEQUACY	
	March 17
AUM Assumptions March (£ Mn)	3,252
A = Initial Capital - Euro 125k	111,607
B = 0.02% of AUM in Excess of EUR 250 Mn	605,797
C = Quarter of Operating Expenses	574,433
D = Professional Negligence	25,000
Regulatory Capital Requirement	742,404
Share Capital	4,800,032
Retained Earnings	67,110
Current Year P&L	-794,482
Total Reserves Carried Forward	4,072,660
Surplus/Deficit Regulatory Capital	3,330,256

APPENDIX II LCIV ORGANISATION CHART



London CIV Governance Review

Terms of Reference and Scope

Background

London CIV (LCIV) was launched in December 2015 to be the operator of the London Local Government Pension Scheme (LGPS) pool, bringing together (over time) the pension fund assets of the 32 London boroughs and the City of London Corporation.

Originally the pooling arrangements were being set up on an entirely voluntary basis, with the level of commitment and investment resting entirely with each pension fund. However, in November 2015 the government published criteria and guidance that has changed the environment to one of mandatory pooling. The CIV has also reached full membership of all 33 London LGPS funds and consequently has to review the parts of its governance arrangements that relate to the London Councils' Sectoral Joint Committee that was established to provide democratic oversight of the pooling arrangements and acts as the forum for convening shareholder representatives at General Meetings of the company. It therefore makes sense to undertake a governance review, even though the arrangements have only been in place for a relatively short period of time.

The review is being commissioned by LCIV's Board with full engagement and consultation through London Councils' Leaders' Committee, the Sectoral Joint Committee and with representative borough Treasurers. The final report will be shared with those same groups for review and discussion, and to inform decisions about what changes to the current arrangements may be required.

Purpose

Consider the governance structures associated with the Pooling arrangements for the London LGPS funds as currently undertaken through LCIV arrangements, recommending potential improvements to ensure that all stakeholders have the necessary and appropriate level of engagement and influence, and that decision making is correctly positioned and defined. This should take into account the fiduciary, regulatory and statutory responsibilities of LCIV, its directors and officers, and the investing LGPS funds, including the impact of MiFID II on the investment status of local government.

Any proposals for change should recognise the stage of development that LCIV has reached (passing through start-up phase and heading towards business as usual) and should ensure that existing and any proposed structures are future proof and represent the most economic, efficient and effective use of scarce public sector resources.

Reference should also be had to the emerging structures in other LGPS pools with a view to determining whether there are any points of best practice that could be incorporated into any amended structure

Scope

1. Review roles and responsibilities and comment on the overall governance structure of LCIV in the context of its purpose, the requirements and needs of the investing LGPS funds, the government's policy on the pooling of LGPS funds, and the regulatory regime imposed by the FCA.

2. Review and comment on LCIV's committee structures, roles and responsibilities, terms of reference and composition (including the requisite skills, knowledge and training programmes) for the:
 - Board;
 - Executive Committee;
 - Investment Oversight Committee;
 - Compliance, Audit & Risk Committee; and
 - Remuneration Committee.to include documentation of key decisions.
3. Review, roles and responsibilities and comment on the committee structures that sit outside of LCIV, including terms of reference and composition (including the requisite skills, knowledge and training programmes) for the:
 - London Councils' Pensions CIV Sectoral Joint Committee;
 - Investment Advisory Committee
4. Review roles and responsibilities, as defined by regulations, of:
 - London local authority pension Committees
 - London local authority Treasurers
 - London local authority Pension Boards

Stakeholders

Key stakeholders and groups of stakeholders are:

- London CIV directors and staff
- London Councils' Pensions CIV Sectoral Joint Committee
- London local authority Treasurers (AKA Section 151 Officers or the Society of London Treasurers)
- London local authority Pension Committees (or equivalent)
- London local authority Pension Boards
- London local authority Pension Fund Managers (or equivalent)
- Central government (i.e. DCLG and HM Treasury)
- The Financial Conduct Authority

Reference Material

Key reference material includes:

- DCLG, November 2015; Local government pension scheme: investment reform criteria and guidance
- DCLG, November 2015; Design of the structure and governance of efficient and effective collective investment vehicles for LGPS Funds
- CIPFA, Investment Pooling Governance Principles
- LGPS regulations
- Financial Services regulations and the FCA handbook
- Shareholders Agreement
- Articles of Association
- LCIV Business Plan 2017-20
- Relevant LCIV policies, including those for the appointment, oversight and management, and firing of 3rd party Fund Managers

Baron Kerslake
Chair
London Collective Investment Vehicle

Marcus Jones **MP**
Minister for Local Government

Department for Communities and Local Government
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Tel: 0303 444 3460
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www.gov.uk/dclg
16 JEF. 2016

Dear Baron Kerslake,

LONDON COLLECTIVE INVESTMENT VEHICLE (CIV): FINAL PROPOSAL

I would like to thank you and all the authorities involved in the London CIV for your final proposal, which we discussed at our meeting on 12 December. I congratulate you on the savings already achieved since the London CIV became operational in 2015, and appreciate the hard work and commitment from elected members and officers which this represents.

It is now over a year since we set the framework for reform of the investment function of the local government pension scheme (LGPS), through the guidance and criteria for pooling published in November 2015. I am pleased that authorities across the scheme have responded to the challenge and come together to form partnerships of their own choosing based on a shared view of investment strategy. We do not underestimate the scale of the changes required, but the Government remains committed to pooling in order to deliver reduced costs while maintaining performance as well as to develop capacity and capability for greater investment in infrastructure.

I appreciate that overall costs are likely to rise in the early years, and that salaries are likely to be high for key senior roles within pool operators. But I consider that this is a price worth paying in order to achieve substantial savings, already estimated by the pools at £1-2 billion by 2033 or up to £200 million pa in the medium term. I am confident that as the reform beds in, there are further savings to be achieved.

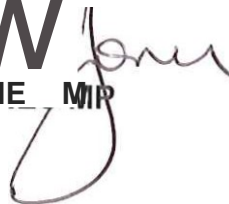
I therefore expect every administering authority in England and Wales to participate in a pool. I also expect authorities to place all assets in their chosen pool, unless there is a strong value for money case for delay, taking into account the potential benefits across the pool. Individual funds will continue to be responsible for their investment strategies and asset allocation and will continue to require high standards of governance.

However I note that on current forecasts the transition of assets into the London CIV pool will be unacceptably slow. In order to deliver greater scale and the full potential for savings, I expect the participating funds to work with you to ensure faster progress on transition, and I will review progress in the spring. As many of the participating funds have raised the issue with me, I must also underline that funds may not use multiple pools in order to access a preferred investment manager. Pools may of course procure services from other pools, especially where a particular asset class is not yet available. On that basis I am pleased to confirm that I am content for you to proceed as set out in your final proposal.

Turning to the future, I appreciate there has been some delay this autumn, but I have no plans to extend the deadline for pools to become operational in April 2018. I will be reviewing progress of all the pools in spring and autumn 2017 and will expect to see a core team in place in spring 2017 and an application for Financial Conduct Authority authorisation, where not already in place, in autumn 2017. I look forward to seeing more detailed plans for delivering savings, and increasing your infrastructure investment in line with your stated ambition. I will also expect detailed plans for reporting, including on fees and net performance in each listed asset class against an index, standardised across the sector.

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Mw
MARCUS JONE MIP



Marcus Jones MP
Minister for Local Government
Department for Communities and Local Government
4th Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

23 January 2017

Dear Minister,

LONDON COLLECTIVE INVESTMENT VEHICLE (CIV): FINAL PROPOSAL

Thank you for your letter of 16 December 2016 following our meeting on 12 December at which we discussed the final proposal submitted by London CIV and all our participating London authorities.

I am pleased to note that you are content for the London CIV arrangements to proceed as described in the submission, albeit with the caveat that you expect to see faster progress on the transition of assets than our latest plans forecast.

Everyone connected to the development of London CIV is proud of what has been achieved to date and there is strong commitment to building on the foundations that have been laid. We will continue to work with Members and colleagues across the London local authorities seeking to grow the assets under management as quickly as we can. However, this is a challenging process that requires proper consideration of long term value for money and recognition that developing the fund to provide the necessary range of investment opportunities is a complex and time-consuming process.

I also note your position that individual LGPS funds may not use multiple pools. As you say, many participating funds have raised this as an element of flexibility that they would wish to have. However, officers of London CIV engage with representatives of the other pools and, while it is not entirely clear how arrangements would work in practice, we will continue to consider options for collaborating across pools where benefit can be derived.

London CIV and our member authorities are keen to deliver pooling as fast as is practicable in a way that is consistent with securing best value. We are currently finalising our business plan and budget for 2017/18 and the medium term financial strategy for future years through to March

2022, once this is completed and agreed by our Board and members I will write again to provide an update on the final fund development proposals.

Finally, you will recall that Mark Boleat raised the issue of regulatory burden and costs that are imposing a significant drag on the benefits that London CIV is delivering. Not mentioned at our meeting but another area of significant concern are the changes being made to the Markets in Financial Instruments Directive (MiFID II). You will be aware that MiFID II will have the unintended consequence of downgrading LGPS funds from “professional” to “retail” status from January 2018. Not only will this change significantly impact on the way that LGPS funds invest but it will almost certainly completely undermine any hope that the government has of LGPS funds investing more in infrastructure. I would ask that you intervene with Treasury and the FCA on both of these issues.

I am copying this to all those colleagues that attended our meeting and will be formally providing your letter and this response to the next meeting of the London Councils’ Sectoral Joint Committee.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'R W Kerslake', written in a cursive style.

The Lord Kerslake
Chair

PensionsCIV@londonciv.org.uk
020 7934 9942

Leaders' Committee

National Funding Formula for Schools Item no: 5 – stage 2

Report by:	Caroline Dawes	Job title:	Head of Children's Services
Date:	7 February		
Contact Officer:	Caroline Dawes		
Telephone:	020 7934 9793	Email:	Caroline.dawes@londoncouncils.gov.uk

Summary

The government published the second stage of its consultation into the Schools and High Needs National Funding Formula on 13th December 2016. This report sets out the government's plans which includes an announcement of additional funding, a capping of overall funding reductions per school at 3% and a change to the proposed formula factors, which result in less funding leaving London than originally predicted. However, 70% of London's schools will lose funding as a result of the introduction of the NFF. This report also sets out the current challenges and financial pressures facing London's schools and outlines a proposed position for London Councils to adopt in its ongoing lobbying work.

Recommendations

Leaders' Committee is asked to:

- consider the impact that the introduction of the NFF, alongside the current financial pressures facing London's schools, will have on school standards across the capital
- consider the proposed position and next steps from London Councils set out in paragraphs 27-33

Introduction of National Funding Formula for Schools

Introduction

1. The 2015 Conservative Party manifesto outlined a plan to protect schools funding, which would rise as pupil numbers increase, and also introduce fairer schools funding. On 25 November 2015, as part of the Spending Review, the then Chancellor of the Exchequer announced his intention to implement the first ever National Funding Formula (NFF) for schools in April 2017, with a consultation to be held in early 2016.
2. In March 2016 the government announced the first stage of its consultation on introducing the NFF. The key elements of the formula included:
 - Redistribution of funding amongst schools from within the existing schools block funding pot
 - Distributing all schools block funding directly to all schools, rather than via Schools Forums and the local authority
 - A reduction in the number of factors used in the formula, including the removal of the mobility factor
 - Creation of a central schools block of the DSG for local authorities to be able to discharge their education statutory duties in relation to all local children
 - Ring-fencing of funding within the four blocks of the DSG (schools, high needs, early years and the new central schools block)
3. The DfE did not announce any indicative allocations alongside the first consultation. Therefore, London Councils undertook preliminary modelling based on the published criteria to understand the potential scale of funding changes to London's schools. This modelling estimated that London could lose £245m per year through a new NFF based on redistribution without any capping or additional investment.
4. This modelling was shared with London Councils' Leaders' Committee on 22 March 2016, where it was agreed that London Councils' campaign should be based on the following broad principles:
 - To address any inequalities in the current funding formula, additional funding should be found rather than redistributing the existing pot

- Fairer funding through a NFF should not result in a reduction in funding for London's children
 - Local flexibility over funding is vital to address and respond swiftly to local diverse and emerging issues
5. London Councils made the case to government for continued investment in London's schools, taking into account its complexities including deprivation, mobility and other local factors. In tandem, London Councils mounted a significant lobbying campaign; briefing the media, London MPs and wider stakeholders on our position. London Councils has been consistently calling on the DfE to find additional funding, rather than redistributing the existing pot, in order to address any inequalities in the current funding formula.
6. London Councils submitted a response to the first stage of the consultation, highlighting:
- Funding allocations should be protected through additional funding. Any reduction in schools funding risks having a detrimental impact on educational standards.
 - Schools forums provide local flexibility in the school funding system, which enables funding to be distributed swiftly and effectively in response to quickly changing circumstances, e.g. changes in pupil numbers.
 - Pupil mobility costs local authorities and schools a significant amount to manage and should, therefore, be included in the suite of factors on which the NFF will be based.
 - Basing an Area Cost Adjustment on the General Labour Market reflects more accurately the real additional costs to schools in London, than using the hybrid model proposed.
7. In July 2016 Justine Greening was appointed as the new Secretary of State for Education. She committed the DfE to take forward the NFF but changed the timetable, so that the new NFF would not be introduced to schools until April 2018.

Schools and High Needs National Funding Formulae – Government

Consultation stage 2

8. The government published the second stage of its consultation on the National Funding Formula on 14th December 2016. This consultation presents a policy shift in terms of the proposed NFF. The key changes to proposals set out in this consultation, following on from the first iteration are:
 - Capping overall funding reductions by 3% for every local authority area
 - Additional funding of £200m per annum in each of 2018/19 and 2019/20
 - Mobility will be used as a factor in the formula
9. The consultation included indicative allocations for every school. London Councils' analysis reveals that around 70% of London's schools will see a reduction in funding. London collectively will lose £19 million, significantly less than our initial cash flat modelling suggested last year. This is primarily due to the introduction of additional funding, which significantly reduces the amount of money from London that needs to be redistributed to fund gains elsewhere, along with a permanent 3% funding floor.
10. Nationally, 9,047 schools experience a reduction in funding under the revised NFF, including 1,536 schools in London. In total, these 9,047 schools experience a loss of £335 million. This, therefore, would be the total amount of additional funding that would be required to protect every school in the country from a cash cut. £335 million equates to a 1.0% increase in the schools block.
11. The initial reporting of the consultation focused on inner London losing considerable amounts of funding and outer London gaining. Some outer London boroughs are, however, losing funding and some in inner London would gain.
12. These changes to the proposals for the NFF, along with the additional funding that has been announced, result in London losing less funding than initially predicted. London will, however, still see larger reductions in funding than anywhere else in the country and redistribution away from London to increase funding in other parts of England rather than a funding formula based on the needs of schools wherever they are located.

13. Additional funding has been made available to ensure that no local authority loses funding as a result of the new high needs funding formula. Ten London boroughs gain high needs funding.

Current financial climate for schools

14. With 70 per cent of London schools set to receive less money, by as much as 3 per cent, from 2018/19, there will be considerable concern amongst schools about how this can be managed and the possible impact on school standards. While some may argue this is a relatively small amount and schools should be able to absorb this easily, it is unlikely they will be able to do so in addition to the wider budgetary pressures highlighted recently by the National Audit Office (NAO)¹.
15. The NAO's report into the financial sustainability of schools found that schools in England face a £3billion funding shortfall by 2020 (8 per cent of the current schools block) as a direct result of per pupil funding being protected in real terms since 2010, but not increasing with the rate of inflation. In addition schools are facing extra costs including salary increases, higher employment contributions to national insurance and the teachers' pension scheme, non-pay inflation and the cost of the apprenticeship levy. Consequently current DfE funding levels are not sufficient to cover costs in the majority of schools. The NAO estimates that over 60% of secondary academies and 59% of secondary maintained schools spent more than their income in 2014/15. Therefore, even a school that will have an uplift as a result of the introduction of the NFF is likely to have an overall budgetary reduction in this financial climate.
16. Combining the findings of the NAO's report with the illustrative allocations published by DfE, London Councils' analysis suggests that London's schools are set to experience a real-term reduction in funding of £360 million in 2018/19, the first year of the new NFF, in comparison to current 2016/17 baseline. All schools in the capital will experience a real-terms reduction in funding by 2019/20 because the cap on gains over the first two years of the new funding formula (5.5 per cent) does not exceed the funding pressures identified by the NAO (8 per cent).

¹ *Financial Sustainability of Schools*, National Audit Office, December 2016

Challenges of delivering high quality education in London

17. London is still the highest performing region in terms of pupil attainment at GCSE. However, in the past two years, the 5 GCSEs A*-C performance gap between London and all other regions has narrowed. Between 2013/14 and 2014/15 all regions saw their performance improve – except London which saw a 0.6 percentage point decline over the same period.
18. London boroughs have long been reporting difficulty in recruiting quality teachers across a range of subjects, as well as retaining them in the long term. TES reports in *A Question of Quality: TES Teacher Recruitment Index*² that London is the region that has the most difficulty currently recruiting teaching staff.
19. London Councils is predicting that the capital needs an additional 113,000 school places between 2015-2020 to cope with rising demand. This amounts to 78,275 places at primary level and 34,835 at secondary.
20. London has experienced a very rapid increase in demand for Special Educational Needs and Disabilities (SEND) places in recent years, far exceeding growth in other regions and among London's mainstream population. Between January 2011 and 2016, the number of pupils educated in dedicated SEND places in London rose 23 per cent from 18,800 to 23,127. This was over twice the 10 per cent growth rate in the rest of England.
21. Given the scale of these challenges, any funding reductions will be keenly felt by London's schools. It will be increasingly difficult for schools to continue to drive up standards, recruit and retain quality staff, deal with rising pupil numbers and provide additional support for SEND pupils, within this context.
22. A NFF based on redistribution rather than need is directly contrary to the interests of London schools.

London Councils' activity

23. Since the publication of the second stage of the National Funding Formula consultation, London Councils has produced briefings for members, schools,

² *A Question of Quality: TES Teacher Recruitment Index*, TES, April 2016

MPs and businesses highlighting the potential impact of the NFF on London's schools. London Councils has achieved coverage of its concerns about further school budget reductions in London in the Evening Standard and BBC London.

24. On 11th January 2017, Cllr Peter John, London Councils' Executive Member with responsibility for schools, and Cllr David Simmonds, the Conservative lead in this area, met with Nick Gibb, Minister of State for Education, to discuss the roll out of the National Funding Formula in London. London Councils recognised the significant shift in policy the government has made, by introducing additional funding and a 3% cap on overall funding reductions for each school, but stressed the importance of ensuring that no school faces a budget cut as a result of the introduction of the NFF. The Chair of London Councils also took part in a roundtable discussion with Nick Gibb on 16th January to further make the case for investment in London's schools.
25. London Councils is writing to the Secretary of State for Education with the Core Cities group to make the case for protecting funding levels across the country. The Core Cities group also has a large number of schools facing funding reductions as a result of the NFF and therefore has common cause with London Councils.
26. A report on the NFF consultation stage 2 was presented to London Councils' Executive on 17th January for discussion. The report set out the detail of the funding consultation and implications for London. The Executive provided a number of comments that have been reflected in the proposed position set out below and agreed that this related report should go to Leaders' Committee for consideration at this meeting.

London Councils' position and next steps

27. The Executive stressed that the starting point for London Councils' work should be an affirmation of the success of London's schools over the past 10-15 years, supported by the London boroughs, and the part that investment has played in that. London Councils would want to urge maintenance of investment in success, rather than seeing the gains made eroded.

28. The position that London Councils' Leaders' Committee agreed in March 2016 - to ensure that fairer funding through a NFF should not result in a reduction in funding for London's children – is still applicable in relation to the NFF as set out in the second stage of the consultation.
29. It would cost the government £335 million per annum (1.0% increase in the schools block) to provide every school set to gain funding with its final funding formula allocation, without the need to redistribute any funding away from other schools. If the DfE were to find this additional funding, it would benefit all regions and schools across the country: every school would be protected from a funding cut resulting from the NFF, whilst schools set to gain under the NFF would receive all additional funding straight away rather than waiting for transitional arrangements.
30. It is proposed that London Councils draft a response to the NFF that makes the case for additional funding for the schools that stand to gain through the NFF school allocations without taking money away from other schools. This response would take into account how much London has been able to achieve with current levels of investment, as well as highlighting the wider financial pressures in the system that already put London's school improvement trajectory at risk.
31. London Councils will also encourage all key stakeholders to submit their own responses to the consultation. It is intended that London Councils' response will be informed by the insights from the borough children's services finance leads network, which will be meeting at London Councils on 22nd February. The deadline for consultation responses is 22 March.
32. As part of a comprehensive campaign, London Councils plans to produce a range of media materials for members, schools, parents, MPs and businesses to inform them of the risk to the standards of education in London. Similarly London Councils plans to tap into the numerous parent groups that have been set up in recent years to encourage them to respond to the consultation. Further media and public affairs opportunities will also be sought.

33. The Mayor of London has offered his support with London Councils' campaign and there is potential for joint media activity towards the end of the consultation period to highlight the importance of investing in London's schools.
34. The APPG for London will meet on 7th February to discuss the NFF and impact of wider school funding reductions. Speakers will include Cllr David Simmonds, Deputy Leader of Hillingdon and London Councils' Conservative lead on schools, Sue Terpilowski OBE, London Policy Chair, Federation of Small Businesses, and a London Head Teacher (to be confirmed).

Recommendations

35. Leaders' Committee is asked to:
- consider the impact that the introduction of the NFF, alongside the current financial pressures facing London's schools, will have on school standards across the capital
 - consider the proposed position and next steps from London Councils set out in paragraphs 27-33

Financial Implications for London Councils

36. None

Legal Implications for London Councils

37. None

Equalities Implications for London Councils

38. None

Appendix 1: National funding formula analysis

Appendix 1: National funding formula analysis

Table 1 - % change by borough

Borough	Schools block (year 1)	Schools block (final formula)	High needs block (year 1)	High needs block (final formula)
Barking and Dagenham	0.0%	(0.1%)	2.8%	18.2%
Barnet	(0.3%)	(1.0%)	-	-
Bexley	0.9%	1.0%	-	-
Brent	(1.0%)	(1.9%)	-	-
Bromley	0.1%	(0.3%)	-	-
Camden	(1.4%)	(2.8%)	-	-
Croydon	2.1%	5.6%	-	-
Ealing	1.3%	2.3%	-	-
Enfield	1.2%	2.5%	2.9%	5.6%
Greenwich	(1.1%)	(2.3%)	-	-
Hackney	(1.4%)	(2.8%)	-	-
Hammersmith and Fulham	(1.4%)	(2.7%)	2.4%	3.2%
Haringey	(1.4%)	(2.7%)	-	-
Harrow	(0.3%)	(0.7%)	-	-
Havering	0.5%	0.6%	2.8%	8.2%
Hillingdon	1.7%	2.6%	2.8%	3.0%
Hounslow	0.3%	0.3%	-	-
Islington	(1.0%)	(1.5%)	1.0%	1.0%
Kensington and Chelsea	(1.3%)	(2.6%)	-	-
Kingston upon Thames	0.7%	1.0%	-	-
Lambeth	(1.4%)	(2.8%)	-	-
Lewisham	(1.4%)	(2.8%)	-	-
Merton	2.0%	4.3%	-	-
Newham	(1.4%)	(2.6%)	0.0%	0.0%
Redbridge	2.1%	4.1%	-	-
Richmond upon Thames	0.8%	1.2%	-	-
Southwark	(1.4%)	(2.7%)	-	-
Sutton	1.2%	1.9%	-	-
Tower Hamlets	(1.4%)	(2.7%)	2.8%	4.4%
Waltham Forest	(1.1%)	(2.0%)	2.1%	2.1%
Wandsworth	(0.7%)	(1.5%)	-	-
Westminster	0.5%	0.7%	0.6%	0.6%

Table 2 – number of schools experiencing gains / losses in funding by region

Region	Losses	Gains / no change	% losses
Total London	1,536	643	70%
<i>Inner London</i>	802	29	97%
<i>Outer London</i>	734	614	54%
East Midlands	698	1,215	36%
East of England	865	1,495	37%
North East	415	629	40%
North West	1,679	1,203	58%
South East	1,175	1,873	39%
South West	582	1,609	27%
West Midlands	1,156	1,017	53%
Yorkshire and the Humber	941	1,137	45%
ENGLAND	9,047	10,821	48%

Table 3 - % change by year compared to 16/17 baseline

Region	Schools block	High needs
London	(0.3%)	1.2%
<i>Inner London</i>	(2.4%)	0.6%
<i>Outer London</i>	1.0%	1.5%
East Midlands	2.5%	3.9%
East of England	1.5%	3.6%
North East	1.0%	2.9%
North West	0.1%	3.6%
South East	2.3%	1.8%
South West	2.2%	1.0%
West Midlands	0.3%	6.1%
Yorkshire and the Humber	1.5%	10.6%
ENGLAND	1.1%	3.4%

Caveats

- Full calculations, such as per pupil rates and pupil numbers, have not been published alongside the consultation. In addition, school-level and local authority-level allocation tables published by DfE do not reconcile with each other. Until London Councils is able to verify the full methodology, figures in this paper should be treated as provisional. DfE is expected to publish a more detailed technical note shortly.

- Further analysis will be needed to understand the interaction between each of the three blocks of DSG (schools, high needs and early years) and the new central schools block

Leaders' Committee

Resilience and Emergency Preparedness Review

Item no: 6

Report by: Doug Flight **Job title:** Head of Strategic Policy
Date: 7 February 2017
Contact Officer: Doug Flight
Telephone: 020 7934 9805 **Email:** doug.flight@londoncouncils.gov.uk

Summary: This report outlines proposals for strengthening London's emergency planning arrangements, following a review commissioned by the London Resilience Local Authorities Panel.

The report also takes preliminary account of the issues raised in Lord Harris' review of London's preparedness for a major terrorist attack.

Recommendations: Leaders' Committee is asked to:

1. Take stock of the review into emergency planning arrangements that was commissioned by the London Resilience Local Authority Panel.
2. Note the issues highlighted by Lord Harris in his report to the Mayor, in relation to local authority preparedness, and the provisional response by the Local Authority Panel.
3. Approve the approach recommended by the Local Authority Panel, and endorsed by the Executive, for strengthening resilience and emergency preparedness across London's local authorities.

Resilience and emergency preparedness review

Introduction

1. This report outlines proposals for strengthening London's emergency planning arrangements, following a review commissioned by the London Resilience Local Authorities Panel early in 2016. The Panel was keen to build on the foundation of lessons learned during the major multi-agency 'Exercise Unified Response', and to ensure the London's local authority arrangements continue to offer the level of preparedness communities expect.
2. The report also takes account of the issues raised in Lord Toby Harris' subsequent review of London's preparedness for a major terrorist attack, which was commissioned by the Mayor of London in May 2016. Lord Harris submitted his report to the Mayor in November 2016, and it was made available to the public at the same time.

Background

3. There are well established local authority co-operation arrangements in place across the Capital, underpinned by the local authority Gold resolution which was adopted by all London boroughs and the City in 2006¹. The arrangements were subsequently enhanced to encompass mutual aid agreements, with the approval of Leaders' Committee in 2010.
4. This London-wide work is overseen by the London Resilience Forum Local Authorities' Panel (LAP), which includes the lead borough Chief Executives for each sub-regional Local Resilience Forum. The Panel is chaired by John Barradell, Chief Executive of the City of London.

Review of emergency planning arrangements in London

5. The Local Authorities' Panel commissioned a review of London's local authority emergency planning arrangements early in 2016, mindful of rising risk levels combined with the increased financial pressures which local authorities face. The Panel wanted to build on the foundation of lessons learned during the major multi-agency 'Exercise Unified Response', and its overarching objective was to ensure the London's local authority arrangements continue to offer the level of preparedness communities expect.
6. The review set out a series of recommendations which are designed to ensure that local authorities can continue to provide strong emergency planning services that deliver individual and collective leadership on resilience into the 2020s.

¹ The resolution, promoted by London Councils, replaced an earlier resolution adopted in 2004

7. The review acknowledged the strain placed on authority resilience functions and went on to set out the recommendations which are listed in Appendix A and summarised in the bullet points below. These recommendations identify a number of actions authorities can undertake to bolster the service and enhance resilience to the level communities expect and deserve. To prevent any erosion of the service, potentially exposing authorities to undesirable levels of risk, the recommendations aim to:
- Strengthen collaborative working to better utilise experience, knowledge and expertise;
 - Support a more cost effective and efficient service;
 - Increase opportunities to share scarce resource;
 - Create a more robust Duty London Local Authority Gold arrangement which will further complement our leadership on resilience role and participation at the heart of London strategic coordination;
 - Establish a more robust and meaningful assurance process to improve corporate oversight.
 - Establish a corporate resource of professional advice, support and oversight, where not already established, to support authorities to withstand increasing pressures and ensure Chief Executives have ready access to high quality corporate advice and support in their localities;
8. Improvement work is already being co-ordinated by the Panel to standardise operational response capabilities across local authorities and hence to enable staff to more easily support neighbouring local authorities during a protracted incident (for example severe flooding).
9. In October 2016, the Local Authority Panel reviewed the recommendations from the review and its Chair went on to discuss them with chief executive colleagues at CELC in November 2016. Both groups lent their support to the recommendations, which are now being brought to members for their consideration and approval.

Lord Harris review of London preparedness

10. Lord Harris's report focuses on London's preparedness for a Marauding Terrorist Firearms Attack. Such attacks are complex, rapid, involve serious injuries and multiple deaths, and could take place in multiple locations with multiple assailants. Lord Harris reviews the main incident responders in turn and provides 127 recommendations for consideration.

11. Lord Harris considered all emergency responders to an incident in his review, including local authorities. His review has set out 127 recommendations, a number of which directly concern local authorities or are ones that local authorities will wish to be involved in. Lord Harris highlighted the London Local Authority Gold arrangements and welcomed the agreed principles of collaboration and cooperation, including mutual aid, underpinned by the regular testing and exercising of arrangements.
12. Lord Harris discussed the increase in sub-regional working, which he welcomes, but cautions that local knowledge and connections must not be lost. He suggests that sub-regional working on emergency planning might be formal in some places and informal in others. To address concerns about the level of capability in boroughs, Harris proposes an inspectorate sitting at government level to monitor performance.
13. His report highlighted a “mixed picture of provision” across the 33 local authorities, and commented that whilst some authorities have a full emergency planning services, others are taking “a de minimis approach”. Harris also states that “it has been put to me that, in some parts of London, the resource is so denuded as to be unfit to respond to a major disaster”.

Formal Consideration of the Harris Review

14. The Mayor of London wrote to John Barradell, in his role as the Chair of the Local Authority Panel on 16 December 2016, highlighting three recommendations in particular and asking for a written response on behalf of local authorities:

(Rec 70) Local authorities should work with the London Resilience Forum to consider where effective partnerships might be built at a sub-regional, but supra-borough level, ensuring that local connections can be retained.

(Rec 72) Local authorities should be prioritising an effective functioning CCTV network for the detection and prevention of terrorist (or indeed criminal) activity across the Capital in the interests of public safety. The level and functionality of CCTV provision should be kept under review by the Mayor’s office.

(Rec 88) Local police and local authority chief executives and Leaders should annually review the membership of the police engagement groups to ensure that they comprise the right members, and that they are regularly refreshed

A copy of this letter is attached as Appendix B, along with John Barradell’s reply of 13 January which is attached Appendix C.

15. In advance of this formal request, the Local Authority Panel had provisionally considered Lord Harris’ report and believes the concerns of substance outlined by Lord Harris - in

terms of local authority operational resilience and capacity to respond - largely match the concerns addressed by the Local Authority Panel's own review.

- a. In respect of recommendation 70, the Local Authority Panel's own review has already developed plans to enhance resilience through sub-regional working, whilst recognising that this cannot replace the responsibility of individual local authorities to be prepared. This local authority-led review proposes that a sub-regional lead local authority should be identified to coordinate enhance collaboration and ensure equal contribution and benefit from such sub-regional arrangements.
 - b. In respect of recommendation 72, the reply notes that work to review the level and functionality of CCTV provision is already taking place through the engagement of local authorities with the MOPAC led CCTV task force. London Councils has recently undertaken a mapping exercise of local authority plans for future CCTV commissioning which should help inform both MOPAC's work and consideration that is being given by the MPS to the development of a strategic approach to CCTV within the police service. The critical issue identified by Lord Harris would appear to be ensuring that the police have 'fast time' access to available local authority CCTV feeds. Local authorities stand ready to support the Police in any review of their procedures around fast-time access to CCTV.
 - c. In respect of recommendation 88, the reply notes that London local authorities recognise the importance of maintaining up-to-date local police-held KIN (Key Individual Network) lists. Local authority Leaders and chief executives stand ready to support the Police in updating these lists, utilising their community knowledge and links.
16. Local authorities have an interest in a number of the other recommendations that Lord Harris has made and will have an opportunity to contribute to the broader response through other routes including the Local Authority Panel and the statutory London Resilience Forum.
17. Lord Harris recommended that DCLG 'ring-fences' budgets for local resilience teams and introduces a small inspectorate in the Cabinet Office or DCLG to monitor performance. If central government declines to take this forward, he suggests that the London Resilience Forum should undertake this role.
18. The local authority-led review has already addressed the issue of securing greater assurance that authorities are meeting the agreed standards of provision for operational response. The review concluded that the required degree of assurance would best be addressed through better defined criteria and peer based challenge, both within London

and across the wider sector. The Local Authority Panel took the view that this is a more appropriate means of ensuring assurance and consistent standards of provision. .

Recommendations

Leaders' Committee is asked to:

1. Take stock of the review into emergency planning arrangements that was commissioned by the London Resilience Local Authority Panel.
2. Note the issues highlighted by Lord Harris in his report to the Mayor, in relation to local authority preparedness and the provisional response by the Local Authority Panel.
3. Approve the approach recommended by the Local Authority Panel for strengthening Resilience and Emergency Preparedness across London's local authorities.

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

None

Attachments

Appendix A: Executive Summary of the LAP 2020 Review

Appendix B: Letter from the Mayor of London to John Barradell, of 16 December 2016

Appendix C: Letter from John Barradell to the Mayor of London, of 13 January 2017

Recommendations for Local Government Emergency Planning and Resilience for the 2020's

Introduction and Background

A review was commissioned by the Local Authority Panel, Chaired by John Barradell, to assess the status of local authority emergency planning in London. The necessity arose from recognition of the heightened pressure our authorities are facing and increases in risk. The aim of the review was to suggest steps necessary to efficiently reinforce the service and ensure we can continue to provide effective individual and collective leadership on resilience into the 2020's.

The scope of the review included; Duty London Local Authority Gold arrangements, contingency planning and operational response functions, arrangements supporting collaborative working, and the means of sharing scarce resource. The two elements excluded were; the London Local Authority Gold Resolution which underpins the collective and coordinated approach of all 33 authorities and the principle of all 33 Chief Executives participation in the London Local Authority Gold rota. This was due to their proven effectiveness to underpin the collective and coordinated approach of authorities to significant incidents.

To support the review, '*The review of resilience arrangements in London: interim findings*' produced in 2014 by Matthew Norwell was considered along with Emergency Planning Monitoring Reports and annual Minimum Standards for London assessments. In addition, the thoughts, case studies and anecdotal evidence provided by experienced emergency planning professionals proved invaluable.

Overall Assessment

The ability of our authorities to discharge a leadership role on resilience to the level communities would expect and deserve is under strain. To prevent degradation of the service and potentially expose authorities to undesirable levels of risk, the recommendations detailed below identify a number of actions authorities can undertake to bolster the service and enhance resilience. The recommendations aim to:

- Establish a corporate resource of professional advice, support and oversight, where not already established, to support authorities to withstand increasing pressures and ensure Chief Executives have ready access to high quality corporate advice and support in their localities;
- Strengthen collaborative working to better utilise experience, knowledge and expertise;
- Support a more cost effective and efficient service;
- Increase opportunities to share scarce resource;
- Create a more robust Duty London Local Authority Gold arrangement which will further complement our leadership on resilience role and participation at the heart of London strategic coordination;
- Establish a more robust and meaningful assurance process to improve corporate oversight.

Full List of Recommendations

Corporate Policy

Recommendation 1: Consideration should be given to developing a corporate resource of professional advice, support and oversight. This might best be achieved by developing and broadening the role of Emergency Planning Teams to encompass support and oversight of:

- a) Organisational compliance with the Civil Contingencies Act (2004);
- b) Organisational compliance with Minimum Standards for London;
- c) The organisations ability to effectively respond to a localised incident;
- d) The organisations ability to maintain critical services in the lead up to and during emergencies as required by the Civil Contingencies Act and supported by the International Standard for Business Continuity ISO 22301.

To support this aim, consideration should be given to locating emergency planning teams within central directorates or ensure effective lines of reporting and communication are in place to enable them to deliver effective professional corporate level support.

Recommendation 2: To support a co-ordinated and efficient approach to maintaining organisational resilience at a time when efficiencies are imperative, consideration should be given to incorporating business continuity functions into the core duties of emergency planning teams, where this is not already the case.

Governance and Planning

Recommendation 3: Common Standards for London Local Authority Emergency Planning Professionals, reflecting core competencies, should be adopted as a matter of policy by all local authorities and then continuously reviewed to support staff recruitment, development and service delivery.

Recommendation 4: A Sub-Regional Lead Local Authority should be identified to coordinate enhanced collaboration and support a more equal contribution and benefit from sub-regional and regional operational and contingency planning. This arrangement should be underpinned by an output based Service Level Agreement and reviewed against clearly defined success criteria every two years.

Recommendation 5: Local Authority Panel Implementation Group (LAP IG) members should accept a more proactive role in:

- a) managing the three year Local Authority Panel Business Plan and co-ordination of sub-regional activity to ensure a balanced distribution of work;
- b) agreeing with respective peers in each sub-regional group the appropriate means of delivering allocated workstreams in accordance with the Service Level Agreement.

Duty London Local Authority Gold Arrangements

Recommendation 6: Local Authority Panel (LAP) membership should carry with it the expectation that members will:

- a) be the local authority representatives on a cadre of multi-agency strategic leads available to Chair Strategic Coordination Groups;
- b) undertake multi-agency training to an accredited standard, when developed, to prepare them to Chair Strategic Coordination Groups;
- c) step in as London Local Authority Gold (LLAG) when necessary to ensure consistency of representation and ease the transition of Chairing the Strategic Coordination Group from the Metropolitan Police Service or other partner agency to local authorities;
- d) where appropriate shadow the Strategic Coordination Group Chair to ease transition prior to accepting responsibility.

Recommendation 7

All Chief Executives should wherever possible shadow the current LLAG prior to taking over the role during an incident.

Recommendation 8

All Chief Executives should attend periodical training events delivered by accredited trainers and participate in a structured exercise programme to prepare them to undertake London Local Authority Gold duties.

Borough Response Capability

Recommendation 9: All local authorities should support the standardisation work currently being progressed and adopt consistent protocols and procedures for core response functions when published.

Recommendation 10: In order to mitigate any reduction in resource available to support an organisational response, a further piece of work should be initiated to consider the means of:

- a) identifying local authority roles which possess the requisite core competencies to support operational response and recovery functions;
- b) identifying the means by which staff undertaking the roles can be incorporated into operational plans;
- c) ensuring staff are available to undertake the requisite level of training and exercises and are released to undertake response roles during emergencies.

Assurance

Recommendation 11: The means by which Minimum Standards for London are formally audited should be agreed by Chief Executives to offer them the single means by which London local authority emergency planning is accurately assessed.

Recommendation 12: Minimum Standards for London should be realigned to more accurately reflect service requirements:

- a) Immediate Response Capabilities (covering both local and LLAG operations);
- b) Contingency Planning to develop capabilities to deal with acute shocks;
- c) Business Continuity Planning and Corporate Assurance;
- d) Longer Term Resilience Strategies to provide resilience for chronic stresses.

Recommendation 13: All Minimum Standards for London results should continue to be consolidated to offer an annual assessment of capacity and capability and include the means by which urgent concerns can be escalated to Chief Executives.

Recommendation 14: Greater detail should be added to Minimum Standards for London pertaining to immediate response capabilities, including clearly defined measurable criteria to offer meaningful assurance such as baseline numbers of trained staff, defined response times and length of operation to be sustained, to define the level of capacity and capability to be maintained by local authorities to address local incidents.

Conclusion

Given the heightened challenges that we face and understanding of the pressures on our services, it will be important to move as swiftly as possible to start to put a stronger and more resilient framework in place.

By implementing the steps detailed in the review, capability and capacity will be enhanced, with added strength and depth established locally and regionally. This will ensure all local authorities are in the most resilient condition to efficiently and effectively deliver individual and collective leadership on resilience with confidence, into the 2020's.

Finally, it is understood that the recommendations will complement the Lord Harris review but we should anticipate a further short review will be required following the formal release of his findings. This will allow Chief Executives to be assured that areas additional to those covered by this review or further opportunities to enhance our individual or collective resilience are duly considered.

John Barradell

MAYOR OF LONDON**John Barradell**

Town Clerk and Chief Executive
City of London
Guildhall
London EC2P 2EJ

Date: 16 DEC 2016

**Harris Review into London's Preparedness to Respond to a Major Terrorist Attack**

The safety of Londoners is of vital importance and the recent tragic terrorist attacks across Europe and elsewhere have highlighted how important it is for all of us to properly prepare should such an attack occur in London. That is why one of my first tasks as Mayor was to commission Lord Harris to conduct a review of London's preparedness to respond to a major terrorist attack.

I am writing to you as the London Local Authority lead on Resilience. I know from Lord Harris that you, your team and other local authorities provided great assistance to him in completing this Review. I am very grateful to you all for the openness, and cooperation you demonstrated to him and this task.

Lord Harris has now published his review and I hope you will have had a chance to read the report and assess those recommendations which are relevant to London's local authorities.

The review is a thorough and thoughtful assessment of the situation in London and, while it describes a situation where organisations are largely well prepared and have plans in place, it does make a number of important recommendations. The recommendations that are wholly or largely directed at LAs are as follows:

70 Local authorities should work with the London Resilience Forum to consider where effective partnerships might be built at a sub-regional, but supra-borough, level, ensuring that local knowledge and connections can be retained.

72 Local authorities should be prioritising an effective functioning CCTV network for the detection and prevention of terrorist (or indeed other criminal) activity across the capital in the interests of public safety. The level and functionality of CCTV provision should be kept under review by the Mayor's Office.

88 Local police and local authority chief executives and leaders should annually review the membership of the police engagement groups to ensure that they comprise the right members, and that they are regularly refreshed.

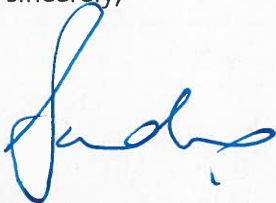
MAYOR OF LONDON

I would be grateful if you would write to me setting out local authority plans for the implementation of these recommendations, the name of the responsible officer and a timescale. Where recommendations are not accepted, it would be useful to have your thoughts on the reasons for this and have the opportunity to discuss these. It would be most helpful if your initial response could be returned by 13 January 2017, and elements of this may be reflected in a formal response to the review in the New Year.

My Deputy Mayor for Policing And Crime, Sophie Linden, will be overseeing implementation of the recommendations through my Office for Policing And Crime (MOPAC). I would be grateful for your cooperation with her and her team.

All correspondence on this matter should be sent by email to PreparednessReview@london.gov.uk or to MOPAC at the address below.

Yours sincerely,



Sadiq Khan
Mayor of London

Cc: Doug Flight, London Councils

Town Clerk & Chief Executive

John Barradell OBE FRGS



Mayor of London
Sadiq Khan
City Hall
London
SE1 2AA

Telephone 0207 332 1400

Email John.Barradell@cityoflondon.gov.uk

Date 13 January 2017

Dear Sadiq

Re: Harris Review recommendations for Local Authorities

I am writing in response to your letter dated 16th December regarding Lord Harris's review into London's preparedness to respond to a major terrorist attack. I thank you for your letter and welcome this opportunity to respond to the recommendations you highlight on behalf of the Local Authority Panel (LAP).

To maintain London's position as a global city, world-leading business centre and a destination for visitors from all over the world, ensuring London's resilience in the face of growing security threats is of paramount importance. To achieve this, however, we cannot be complacent; security arrangements and the ability to respond robustly and in a coordinated fashion must be continuously reviewed, so I welcome this review by Lord Harris.

Indeed, the Panel commissioned its own review in early 2016, providing a set of recommendations designed to establish steps necessary to efficiently reinforce the service and ensure local authorities can continue to provide individual and collective leadership on resilience into the 2020s. By implementing these steps, capability and capacity will be enhanced, with added strength and depth established locally and regionally. Several of the findings from this review concur with those of the Harris Review.

Drawing on this LAP review and recognising our strong working relations with London Councils, I respond to each of the recommendations below.

- Recommendation 70 - the need for greater sub-regional working, which will complement rather than replace the individual responsibility of local authorities, was identified in the Panel review. It has been agreed that each sub-region should have a lead local authority to coordinate this enhanced collaboration, with a view to having this established by 1st April 2017.

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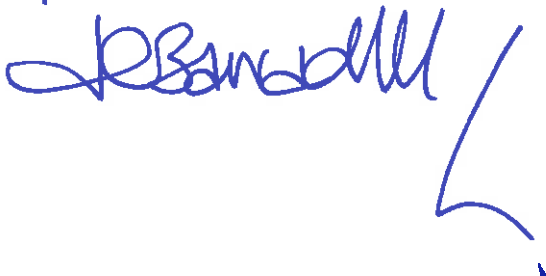


@johnbarradell

- Recommendation 72 - work to review the level and functionality of CCTV provision is already taking place through the engagement of local authorities with the MOPAC-led CCTV task force and a mapping exercise undertaken by London Councils. In addition local authorities stand ready to support the Police in any review of their procedures and protocols for 'fast time' accessing of CCTV cameras. The Panel would be happy to discuss this further with your resilience team.
- Recommendation 88 - the Panel recognises the critical importance of maintaining up-to-date local Police-held KIN (Key Individual Network) lists and all chief executives stand ready to work with the Police to ensure these lists are regularly updated.

Please note, LAP has also identified a further 25 recommendations from the Harris Review to which we are currently developing a response.

The Panel and I would be happy to discuss these recommendations further with you and look forward to working with Sophie Linden and her team in strengthening London's resilience.

Yours sincerely


Leaders' Committee

Devolution and Public Service Reform Item No 7

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

Date: 7 February 2017

Contact Officer: Doug Flight

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

Summary:

This paper reports on London government's work on devolution and reform – including updates on current negotiations with Government in relation to:

- Health devolution
- Devolution of the Work and Health Programme

The paper goes on provide an update in relation to wider devolution issues including:

- Discussions with Government – involving both the Mayor's Office and London Councils – in relation to a broader reform package could be progressed as part of the March 2017 Budget.
- The development of a broader narrative capturing London's ambitions in respect of devolution.
- The publication of the second report of the London Finance Commission on 27 January 2017.

This item provides Leaders' Committee with the opportunity to hear and consider the very latest progress in these negotiations.

Leaders' Committee is asked to:

- Consider and comment on the progress with London government's work on devolution and reform.
 - 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 three 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. London government continues to build on this foundation and a further programme of joint action has been taken forward following the Mayor's Devolution Summit in July 2016.
3. This paper provides an update on London government's continuing negotiations with Government, in relation to:
 - Health devolution
 - Devolution of the Work and Health Programme
4. It goes on to explore London's ambitions in respect of devolution beyond the Autumn Statement. Ministers indicated at the time of the Statement that a broader reform package could be progressed as part of the March 2017 Budget announcement. Engagement with Government - involving both the Mayor's Office and London Councils – is feeding into the pre-budget process.
5. The November meeting of the Member Devolution Group, which met with the Mayor of London, recognised the potential of a longer term platform for London's ambitions in respect of devolution and public service reform. Boroughs and Sub- Regional Partnerships have been invited to contribute to the development of a narrative which the Group envisaged would read-across to the Government industrial strategy, drawing on the experience of 'place' - as defined in a more granular way than London as a whole.

Background

6. 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.

7. 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.
8. The meeting 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.
9. 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 of 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.

London Finance Commission

10. Following the Summit and meetings with Ministers, the London Finance Commission was re-established.
11. The Commission's final report was launched on 27 January 2017 at City Hall and both the Mayor and the Chair of London Councils spoke at this event, alongside Professor Tony Travers who chaired the Commission. The final report's recommendations build on the interim report findings from October 2016 and argue that, in addition to business rates devolution, Government should consider:

- Devolving control of a suite of property taxes, including Council Tax and Stamp Duty
- Assigning a proportion of national taxes, such as income tax and VAT (where all control over tax rates, allowances and thresholds would remain with the Treasury, but a share of the yield would support devolved service responsibilities and infrastructure investment).
- Granting permissive powers to raise alternative taxes and levies such as Apprenticeship Levy; VED; Air Passenger Duty; and explore a tourism levy, health-related levies and a community levy.
- Expanding TIF to other taxes including stamp duty.
- All changes would be revenue neutral on Day 1, and would contain mechanisms to safeguard business from unjustifiable increases in tax (e.g. pegging business rates increases to Council Tax increases).

London's 2016 Devolution Proposition

12. In advance of the Autumn Statement, and in the context of discussions between the Chancellor and the Mayor of London, a package of key devolution requests was shaped within a framework that demonstrated how it contributed to protecting and growing London's economy. 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 levy 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 2016.

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, in December 2015.

Criminal Justice

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

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 would continue to work with London to explore further devolution of powers.
- II. The Government would transfer to London (and to Manchester) the budget for the Work and Health Programme, subject to London meeting certain conditions, including co-funding.
- 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 Budget 2015.
- IV. As part of an award of £1.8bn to LEPs across England in a third round of Growth Deals, £495m was allocated to London and the South East.
- V. The Government confirmed the GLA's Affordable Housing Settlement. As a result, the GLA will receive £3.15billion to deliver over 90,000 housing starts by 2020-21.

Health Devolution

14. As reported to Leaders' Committee in December 2016, work has been progressing with Department of Health, Treasury, CLG, DWP and NHS England officials, under the umbrella of the agreement made with the Government in December 2015.
15. Members will be aware that the partners have been working towards a Memorandum of Understanding (MoU) to facilitate next steps. This would be buttressed by individual agreements with the pilot areas – involving a number of member councils.

16. It is envisaged that the MoU will be an enabling document, allowing local areas to opt-in to detailed devolution proposals that build on learning from the London pilots. The pilots have led to detailed propositions around:
- i. Integration - Requires changes to regulation, payment systems and workforce for it to be effective.
 - ii. Capital and Estates- Reinvestment of capital receipts.
 - iii. Prevention – Including potential legislative routes to support behaviour change.
17. Leaders' Committee agreed a process for signing-off the MoU at its December meeting. Following discussions in early January - involving London Councils' Chair, Health Board members and portfolio-holder Cllr Kevin Davis - a number of proposed changes were put to London partners, with a view to ensuring the MoU meets boroughs' needs and aspirations. Negotiations were continuing at the time of drafting this report, with a view to securing agreement with national partners on a MoU along with individual agreements with the pilot areas.

Work and Health Programme (Employment Support)

18. Negotiations with DWP, HMT and CLG about the Work and Health Programme have led to approval in-principle for the devolution of up to £80million of funding (plus up to £60million of ESF match funding) over five years of the Programme across the Capital.
19. Following extensive work, we have secured agreement that funding will be devolved to a sub-regional level, which will facilitate enhanced integration with local services and a clear local role in specifying and commissioning the Programme. The basis of the agreement is that London, via its four sub-regions, will lead the design, development, commissioning and management of the Work and Health Programme, working with DWP and within some core minimum national policy and commercial design elements.
20. London Councils has also been successful in securing DWP agreement for changes to the national criteria for ESF Co-Financing organisations, so that sub-regional partnerships can now apply for Co-Financing status, which will support the devolved model of commissioning.
21. The commitment to deliver the new Programme by March 2018 requires challenging timescales. To help ensure success, the sub regional partnerships are co-operating closely to ensure that the commissioning process is put in place quickly and effectively.

Wider Issues

22. Ministers indicated at the time of the Autumn Statement that a broader reform package could be progressed as part of the March 2017 Budget announcement. Engagement with Government continued at the time of drafting this report.
23. At the last meeting of the Member Devolution Group, it was agreed that London's narrative needed to be more strongly rooted in the emerging Government emphasis on place based industrial strategy and ways in which devolution and reform can contribute directly to meeting challenges around boosting productivity, creating jobs, equipping people to fill those jobs and securing housing supply etc. Members felt that 'place' needed to be defined in a more granular way than London as a whole. At that meeting, the Mayor of London indicated that contributions of that type could be important component parts of London's case for further devolution.
24. London Councils has sought contributions from boroughs and groups of boroughs with a view to building a persuasive London narrative on devolution and public service reform. At the time of drafting a number of helpful contributions had been received from individual boroughs and more submissions were expected, including representations from borough groupings.
25. The Government launched its industrial strategy on 23 January 2017, with the publication of the consultation paper entitled: Building our Industrial Strategy. We will be considering the paper with boroughs and groups of boroughs in the context of potential devolution opportunities.
26. A date is currently being sought for a meeting of the Member Devolution Group and the Mayor of London to consider next steps on this overall agenda and to begin to consider some of the broader governance issues flowing from devolution and reform propositions. The Group may wish to consider the following:
 - Developing 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 would build on the contributions from boroughs and borough groupings that were mentioned above and potentially link to place based industrial strategies.

- Reviewing of each of the current portfolio of devolution themes (as referenced above), to identify a) which of these areas might London government want to continue to actively advocate and b) the scope for adding to and potentially expanding the current portfolio of propositions.
- Reviewing and working towards enhancements of the systems of shared governance that Government is likely to set as a minimum standard for devolution.

Conclusion

27. The discussion under this agenda item will provide Leaders' 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

Green Paper: Building our Industrial Strategy

Department for Business, Energy & Industrial Strategy - 23 January 2017

<https://www.gov.uk/government/consultations/building-our-industrial-strategy>

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.

Leaders' Committee

Review of Scale of Election Fees for 2017/18

Item no: 8

Report by: Barry Quirk **Job title:** Chair of London Elections Board and Chief Executive of London Borough of Lewisham

Date: 7 February 2017

Contact Officer: Derek Gadd

Telephone: 0207934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary

The attached report deals with revisions to the scale of fees and expenses which can apply for local government elections in London boroughs in 2017/18. This scale acts as guidance only for individual boroughs. Members will know that there are no planned borough, Parliamentary or other elections planned for this period. However agreement to the annual revision is required in the event that By-elections (or any other unforeseen election) occurs in this period.

Recommendations

Members are asked to note and approve the proposed scale of fees and expenses, as outlined in Appendix 1, as guidance for the London boroughs, with effect from 1 April 2017.

Review of Scale of Election Fees for 2017/18

Introduction

1. A review of the scale of election fees supplied to London Councils by the London Elections Board is attached as an appendix. London boroughs were first empowered to fix their own scales of election fees in 1974. It has been the practice of London Councils and its predecessor bodies to receive a report each February and recommend a London-wide scale of fees for adoption by individual boroughs.

Basis for Review of Scale of Fees for Local Borough Council Elections and Referendums

2. This report proposes the scale of fees and expenses that will take effect on 1 April 2017. Members agreed to adopt the thorough revision in fees that was recommended in 1990 and to revise the fees annually thereafter. The established practice has been to revise all fees and expenses (where not stated as “actual and necessary cost”) in accordance with the previous year’s local government pay increases.
3. In 2002, in the light of changes to the law on postal voting, the requirement for staff to attend training sessions and a government review of fees for polling station staff, it was agreed it was necessary to make additional revisions to some fees. A further revision was agreed for the full council elections in 2006. This took account of experiences in dealing with changes to the law on postal votes, a further government review of the fees paid for parliamentary elections, and a desire to set fees for polling station inspectors and senior count staff. An additional charge to help recognise the need for more staff to manage and supervise the issue and receipt of postal votes was agreed in 2008. No further changes to the basic structure of the fees and expenses are proposed for 2017.
4. It is likely a local government pay award of 1 per cent will be agreed for the coming year. Therefore, it is proposed that for the coming year:
 - Part A fees are not increased at all. These are the fees received by Returning Officers and Deputy Returning Officers; and that
 - Part B fees are increased by 1 per cent for the twelve months commencing 1 April 2017. These are the fees paid to Presiding Officers, Poll Clerks and others engaged on the election.
5. It is proposed that the scale should continue to form the basis for fees and expenses for referendums under the Local Government Act 2000 and any subsequent London borough mayoral elections. The further scale is to cater for any combined London borough and mayoral elections. It is proposed that the formula – where its use is appropriate – remains as a 20% increase when a combination is required. This formula was reduced from 25% in 2010 to bring it into line with the government costing assumptions for combined polls.
6. Part B expenses for polling station and count staff have been rounded to the nearest five pence. Fees for polling station staff are also shown as hourly rates to cater for any staff working only part of the day and any elections and referendums using non-standard polling times.

7. The Maximum Recoverable Amounts (MRAs) for the services and expenses required to conduct polls no longer come with a list of assumptions upon which the sum is based. This makes the long-standing London Scale of fees and expenses an ever more important guide upon which most, if not all, London borough's base their poll, count and postal vote staff fees. Therefore, it is recommended that the fees and expenses as set out in Appendix 1, which have been in place and successfully underpinned the planning and budget assumptions for London Boroughs Returning Officers since 1990, are agreed.

Recommendation

Leaders' Committee is recommended to agree the attached Scale of Returning Officers' Fees and Expenses as guidance for the London boroughs.

Appendices

Appendix 1: Proposed Scale of Election Fees 2017/18

Financial Implications for London Councils

There are no financial implications arising from this report.

Legal Implications for London Councils

There are no legal implications arising from this report.

Equalities Implications for London Councils

There are no equalities implications arising from this report.

Scale of Returning Officers'/Counting Officers' Fees and Expenses 2017/18

London Borough Council Elections, Referendums and Mayoral Elections

Part A – Fees

	Existing 2016/17	Proposed 2017/18	Combined 2017/18
I In a contested election:			
(1) For conducting the election and generally performing the duties which a returning officer/counting officer is required to perform under any enactments relating to the election of London borough councillors or mayoral referendums or mayoral elections, other than any duties for which separate fees are prescribed herein:			
For each ward not exceeding five	£225.87	£225.87	£271.05
For each additional ward	£45.48	£45.48	£54.57
In addition, if the number of registered local government electors in a ward on the fifth day before the election exceeds 2,000 there shall be paid:			
For every 1,000 electors or fraction thereof over 2,000 in each ward	£23.23	£23.23	£27.87
(2) For services in connection with the issue and receipt of the ballot papers of persons entitled to vote by post:			
For the first ward	£88.50	£88.50	£106.20
For each additional ward	£27.65	£27.65	£33.18
In addition, for every 100 postal voters on the final day for applications in each ward	£2.76	£2.76	£3.31

	Existing 2016/17	Proposed 2017/18	Combined 2017/18
(3) Allowance for poll cards			
(a) For the preparation, first revision and the issue of the cards on the occasion of an election:			
(i) For each ward	£62.23	£62.23	£62.23
(ii) For every 500 cards or fraction thereof above 7,000 and up to and including 10,000 for each ward	£7.93	£7.93	£7.93
(iii) For every 500 cards or fraction thereof above 10,000 for each ward	£3.49	£3.49	£3.49
(b) For each revision after the first prior to the issue of the cards:			
For each ward	£31.00	£31.00	£31.00
(4) For a person appointed by the returning officer/counting officer to discharge his/her functions under the Representation of the People Act 1983, Section 35(4), where the functions of such person include those specified in Rules 45 to 50 of the Local Elections (Principal Areas) (England and Wales) Rules 2006:			
For each ward	£121.83	£121.83	£146.19
II In an uncontested election:			
For the services specified in paragraph I (1) of this part of the Schedule:			
For each ward	£151.45	£151.45	£181.74

Part B – Expenses

	Existing 2016/17	Proposed 2017/18	Combined 2016/17
In no case shall a charge exceed the sum actually and necessarily paid or payable by the returning officer/counting officer. Subject thereto the charges shall be as follow:-			
(1) (a) For the presiding officer at each polling station open the normal statutory hours of 7 am until 10 pm other than a Saturday, Sunday or public holiday, not exceeding	£316.20	£319.35	£383.20
(b) For a presiding officer for each hour of opening at a polling station where opening hours vary from the normal hours, not exceeding	£21.05	£21.25	£25.50
(c) For a presiding officer for each hour of opening at a polling station open on a Saturday, Sunday or public holiday, not exceeding	£31.60	£31.90	£38.30
(d) In addition, a further sum may be paid to the senior presiding officer at the polling place (whether including one or more polling stations) who acts as overall presiding officer, not exceeding	£19.80	£20.00	£24.00
(e) In addition, a further sum may be paid to the presiding officer who acts as overall presiding officer at a polling place to which there are assigned not less than 3,000 voters (excluding absent voters other than those for whom proxies have been appointed), not exceeding	£19.50	£19.70	£23.65
(2) (a) For each poll clerk at a polling station open the normal statutory hours of 7 am until 10 pm other than a Saturday, Sunday or public holiday, not exceeding	£213.70	£215.85	£259.00
(b) For a poll clerk for each hour of duty at a polling station open other than Saturday, Sunday or public holiday if not 7 am to 10 pm, not exceeding	£14.25	£14.40	£17.30
(c) For a poll clerk for each hour of duty at a polling station open on a Saturday, Sunday or public holiday, not exceeding	£21.30	£21.50	£25.80

	Existing 2016/17	Proposed 2017/18	Combined 2017/18
(3) (a) For each person appointed as a polling station inspector or visiting officer if appointed for the normal statutory hours of 7 am until 10 pm other than a Saturday, Sunday or public holiday, not exceeding	£336.00	£339.35	£407.20
(b) For a polling station inspector or visiting officer for each hour of duty on a Saturday, Sunday or bank holiday if not 7 am to 10 pm, not exceeding	£22.40	£22.60	£27.10
(b) For a polling station inspector or visiting officer for each hour of duty on a Saturday, Sunday or bank holiday, not exceeding	£33.60	£33.95	£40.75
(4) For the remuneration of persons employed in issuing and receiving the ballot papers of persons entitled to vote by post:			
(a) For every 100 persons or fraction thereof of persons entitled to vote by post, for each ward	£103.80	£104.85	£125.80
(b) For the person or persons appointed to manage the processes for the issue or receipt of postal votes, for each ward, not exceeding	£107.95	£109.00	£130.80
(5) (a) For each person appointed as a count assistant in connection with the verification and counting of the votes:			
(i) For each hour or part thereof at a night-time verification or count, not exceeding	£26.50	£26.75	£26.75
(ii) For each hour or part thereof at a day-time verification or count, not exceeding	£18.35	£18.55	£18.55
(b) For each person appointed to act as count supervisor:			
(i) For each hour or part thereof at a night-time verification or count, not exceeding	£36.20	£36.55	£36.55
(ii) For each hour or part thereof at a day-time verification or count, not exceeding	£25.05	£25.30	£25.30

	Existing 2016/17	Proposed 2017/18	Combined 2017/18
(5) (c) For each person appointed to act as a senior count supervisor:			
(i) For each hour or part thereof at a night-time verification or count, not exceeding	£46.00	£46.45	£46.45
(ii) For each hour or part thereof at a day-time verification or count, not exceeding	£31.75	£32.05	£32.05
(6) For clerical and other assistants employed by the returning officer/counting officer or deputy returning officer for the purposes of the election or referendum, excluding charges for employer's share of superannuation contributions where payable:			
For each ward not exceeding five	£989.85	£999.75	£1199.70
For each additional ward	£196.05	£198.00	£237.60
In addition, if the number of registered local government electors in a ward on the fifth day before the election exceeds 2,000 there shall be paid:			
For every 1,000 electors or fraction thereof over 2,000 in each ward	£59.35	£59.95	£71.95
(7) For employment of persons on sorting, checking and other duties in connection with the issue of poll cards, for every 100 cards or fraction thereof	£4.30	£4.35	£4.35
(8) (a) For the attendance at a training session of each person appointed by the returning officer/counting officer or deputy returning officer, not exceeding	£31.85	£32.15	£32.15
(b) For the provision of training any person appointed for the purposes of the election or referendum, for each training session, not exceeding	£176.15	£177.90	£177.90

		Existing 2016/17	Proposed 2017/18	Combined 2017/18
(9)	(a) For travelling expenses incurred by the returning officer/counting officer in connection with the conduct of the election/referendum	Actual and necessary cost		
	(b) For travelling expenses incurred by other staff in connection with the conduct of the election/referendum	Actual and necessary cost or such fixed sum as shall be settled by each returning officer/counting officer for appropriate employees in the light of the actual and necessary costs on average to be incurred having regard to the availability and cost of public or other suitable transport		
(10)	Expenses incurred in printing and providing ballot papers	Actual and necessary cost		
(11)	Expenses incurred in printing and providing notices, documents and devices required in and about the election or referendum and costs of publishing or purchasing the same	Actual and necessary cost		
(12)	Expenses incurred in printing and providing poll cards	Actual and necessary cost		
(13)	For hand delivery of poll cards	Not greater than the cost of Royal Mail postage		
(14)	For hand delivery of postal ballot papers to addresses within the London borough of the returning officer/counting officer	Not greater than the cost of Royal Mail first class postage		
(15)	Expenses incurred in the renting of any building or room for the purpose of the election and for expenses of heating, lighting and cleaning any building or room for such purposes	Actual and necessary cost		
(16)	Expenses incurred in adapting and fitting up any building or room for the purpose of the election (including the provision of voting compartments and any necessary furniture) and restoring it to fit condition for its normal use	Actual and necessary cost		
(17)	Expenses incurred in providing ballot boxes, including repairs	Actual and necessary cost		
(18)	Expenses incurred in the conveyance of ballot boxes and ballot papers to and from polling places	Actual and necessary cost or such fixed sum as shall be settled by each returning officer/counting officer		
(19)	Expenses incurred in the conveyance of furniture, equipment and documents necessary for polling stations and the count	Actual and necessary cost		
(20)	For every stamping instrument required to be purchased, hired, altered or repaired	Actual and necessary cost		
(21)	For general stationery, postage, telephone calls, bank charges, employer's share of superannuation contributions (where payable) and miscellaneous expenses	Actual and necessary cost		

Leaders' Committee

London Councils Challenge

Item no: 9

Report by: Councillor Claire Kober
John O'Brien

Job title: Chair
Chief Executive

Date: 7 February 2017

Contact Officer: John O'Brien

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Summary

This report seeks to capture a number of the key names discussed by members in respect of taking forward the London Councils Challenge Report. It sets out the broad conclusions of those discussions to date and seeks Leaders' Committee's comments to help inform progress going forward.

Recommendations Leaders' Committee is asked to

- (i) Note the report of key themes discussed by members in respect of the London Councils Challenge Report;
- (ii) Comment on the steps being progressed to reflect the conclusions of the Challenge Report and members' subsequent discussion of the issues.

London Councils Challenge

Introduction

1. In 2016 London Councils commissioned a Challenge process aimed at ensuring that the organisation continues to meet the evolving needs of its member authorities over the next five years. A Challenge team, led by Sir Derek Myers, conducted the work. Sir Derek shared the emerging conclusions from the work with members of the London Councils Executive in June 2016 and with members of the London Councils Leaders' Committee in July 2016.
2. Following publication of the Challenge Report, Leaders have had a number of informal discussions about its findings. These built upon communications from the Chair to all Leaders in September 2016, inviting comments and contributions reflecting on the Challenge Report.
3. The London Councils Executive had an Awayday session at the end of November 2016 to reflect on the feedback it had received and the Chair briefed members on that discussion in an informal session immediately before the Leaders' Committee meeting in December 2016.
4. This report seeks to consolidate the emerging collective views of members from those discussions.

Core Purpose

5. The discussions amongst members have helped in capturing a core purpose as set out below.
 - London Councils is the collective **voice** for London local government. It seeks to be an influential advocate for the interests of boroughs, promoting both councils' leadership of their places and of a broad range of public services on behalf of their localities. London Councils fights for the resources, powers and freedoms that boroughs need to play that role.
 - London Councils is a **hub** for co-ordination and co-operation between boroughs collectively as well as a focus for mutual challenge and support designed to drive efficiency and future improvement on behalf of Londoners.
 - London Councils is a focal point for **brokering** the collective relationship between London local government and partners and stakeholders nationally and within London, including Government, the Mayor and wider London public services.

- London Councils facilitates the development of shared London local government initiatives, campaigns and services. This includes the direct **delivery** of a defined range of services, as well as acting as an incubator for other shared activities.

Ambition and Positioning

6. In their discussions, members have emphasised the importance of London Councils being positive and on the front foot in its dealings. There is a recognition that operating as a coalition of the willing on certain, specific issues is an important aspect of future working. Not every activity will be endorsed by every individual member authority. Members, both at the Executive Awayday and more broadly, have also emphasised, however, that such voluntary coalitions should not be built at the expense of the legitimacy that comes from a broad base of political cross party endorsement and, indeed, broad alignment across geographies in London as well.
7. Members have been keen that London Councils should pursue bolder and more distinctive leadership positions on a range of key policy areas where it is able to do so. This would build on a number of examples in more recent years. In doing so, however, it is recognised that there is an ongoing importance to London local government of the organisation playing its role as a hub and a platform for wide borough deliberation and consideration and, on occasions, a convenor for shared action. This will not always result in a clear, collective position or action, but the facility for the collective consideration of such issues is an important one.
8. Members have also concluded that it is right that London Councils should work positively to advance London's interests with the Mayor of London where it is sensible and productive to do so. The Mayor and Borough Leaders play a critical role in the executive governance of London. This approach would build upon a broad range of work across policy areas and, more recently, in respect of both fiscal and service devolution and public service reform. Equally, however, there is a clear understanding that not all of the work that London Councils undertakes is defined by that means of operation. London local government will continue to provide distinctive public service leadership in its own sphere of activity and responsibility – and this requires less focus on alignment with City Hall.

Sub-Regions/Borough Groupings and Governance

9. There has been a significant amount of discussion amongst members about the evolution of governance arrangements, in part seeking to take account of the development of sub-regional groupings of councils in a number of policy areas. As has often been discussed,

such groupings are not identical for all topics and not all boroughs play an active part in such groupings.

10. The Executive, reflecting on the discussions that have taken place amongst Leaders, concluded that it would be important to ensure that the Executive had amongst its membership, at all times, representatives from each of the main groupings of councils. This should also be true for the Transport and Environment Committee Executive and the Grants Committee Executive as well.
11. It was felt by members that this would be best achieved through the current party group process of discussion and negotiation around membership of such bodies. It was not considered sensible to add to the numbers of people serving on the Executive in order to designate specific, *additional* roles for members representing sub-regions or groupings. There would, however, be a clear expectation on all members of Executives to act as a conduit for two way communication at political level with the groupings of councils that they were part of and that this should be written into the job role for Executive members.
12. Equally, in respect of influencing the nominations that London Councils makes to outside bodies, it was felt that sub-regional and borough groupings coverage should be an influencing factor on the party groups in considering this but would not determine the outcome. Party proportionality and association with relevant portfolio holder responsibilities would still be paramount considerations in making these nominations.
13. It was felt, however, that assuming that the Congress arrangements are refreshed with the current Mayoral Administration, the Congress Executive meetings with the Mayor should include not just members of the London Councils Executive, but also the chairs of the main sub-regional groupings of councils if they are not already members of the Executive.
14. There are, of course, wider governance issues which are bound up with discussions with the Mayor and Government on further devolution and reform in London. Some of these have been the subject of a detailed discussion by Leaders – both in the summer of 2015 and in consideration of propositions in 2016 for the full retention of business rates. The Executive felt that it should seek to build on those positions in its ongoing discussions and negotiations with the Mayor on this matter. Joint governance was to be the core subject in a future meeting of the Member Devolution Group with the Mayor.

15. In addition, steps are being taken to ensure that there is opportunity for a wider and richer dialogue between members in various settings. Opportunity should be sought for more informal, themed discussions among members to complement more formal decision making meetings. The Executive will look, twice yearly, to meet with senior officers in an Awayday format as distinct from a formal meeting of the body. Steps are also being taken to ensure that greater use of Skype/Videoconference type facilities can be utilised for meetings.

Utilising the contribution of London local government more broadly

16. There was a significant section in the London Councils Challenge Report on this theme and the relationship between Leaders' Committee, the senior staff of London Councils, led by the Chief Executive, as well as Chief Executives and senior professionals from across London local government.
17. Members were keen that there should be a clearer and more explicit commissioning relationship in respect of activity by senior staff across London local government in support of collective action on behalf of London Councils. This is distinct from any collective work that such groups may undertake themselves as professional groups.
18. The Group Leaders, supported by the Chief Executive, are in discussion with senior members of the Chief Executives London Committee in order to clarify a range of principles that should underpin how this commissioning role could operate, how London Councils should act as a 'pivot' for harnessing this contribution and the nature of the accountability back to Leaders' Committee collectively. The product of that discussion will be reported back to Leaders' Committee.

Focusing action

19. The Challenge Report and subsequent discussions have talked of the importance of trying to refresh the core themes that represent the essence of what the organisation is seeking to achieve at particular times. Some of this is also captured in the core purpose statement earlier in the report.
20. Members of the Executive will be considering this topic as part of developing the Business Plan for 2017/18 onwards. At the Executive Awayday various themes were discussed including:

- **Resourcing London** – including Business Rates/Needs Review/NFF/NRPF
- **Shaping London and its localities** – including Physical Development/Growth/London Plan, as well as Shaping a World City that is fair and usable for all
- **Reforming London's Public Services** – including Health and Care integration/Policing and Justice/Children's Social Care/Transport and Mobility/TA and Homelessness/Migration
- **Supporting London to Deliver** – including Transport and Mobility Services/London Ventures/Self-Improvement/Digital/Analytics/Resilience/Employer Function
- **Influencing and Strengthening London local government's wider contribution** – including Mayor/London Governance/Strategic Partner relationships/Core Cities/CELC and Sub-Regions.

Organisational implications

21. Clearly, as this programme of work unfolds, there will be a bearing upon the way in which the organisation is set up to deliver. Leaders will be aware of proposals that were agreed for the 2017/18 Budget in respect of an implementation fund to support additional, senior capacity to take forward some of the key priorities that members agree on a time limited, project basis.

Conclusion

22. Leaders are asked to note the content of the report and comment on the steers being taken to reflect the conclusions of the Challenge Report.

Financial implications for London Councils

There are not immediate financial implications for London Councils as a result of this report.

Legal implications for London Councils

None

Equalities implications for London Councils

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

Attachments

None

Leaders' Committee

Summaries and Minutes

Item no: 10

Report by: Derek Gadd **Job title:** Head of Governance
Date: 7 February 2017
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:

- GLPC – 12 October 2016
- Capital Ambition – 11 October 2016
- Pensions – 18 October 2016
- Grants Committee – 23 November 2016
- Pensions CIV Sectoral Joint Committee – 13 December 2016
- CAB – 13 December 2016
- TEC – 8 December 2016
- Executive – 17 January 2017

Leaders' Committee

Report from the Greater London Provincial Council – 12 October 2016

Item no:

Report by: Selena Lansley **Job title:** Head of London Regional Employers Organisation
Date: 7 February 2017
Contact Officer: Selena Lansley
Telephone: 020 7934 9963 **Email:** Selena.lansley@londoncouncils.gov.uk

Summary: Summary of the minutes of the Greater London Provincial Council held on 12 October 2016

Recommendations: For information.

Attendance: Cllr Faruk Choudhury (Sub) (Barking & Dagenham), Cllr Colin Tandy (Bexley), Cllr Theo Blackwell (Camden), Cllr Colin Hall (Sub) (Croydon), Cllr Doug Taylor (Chair) (Enfield), Cllr Carole Williams (Hackney), Cllr Richard Foote (Hounslow), Cllr Paul McGlone (Lambeth), Cllr Kevin Bonavia (Lewisham), Cllr Simon Wales (Sutton), Cllr Guy Senior (Sub for K&C) (Wandsworth), Cllr Angela Harvey (Westminster), Jamie Brown (UNISON), Sean Fox (UNISON), Sue Plain (UNISON), Irene Stacey (UNISON), Maggie Griffin (Sub) (UNISON), Jackie Lewis (UNISON), Janet Walker (UNISON), Mary Lancaster (UNISON), Dave Powell (GMB), Vaughan West (GMB) and Danny Hoggan (Unite).

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: Apologies for absence were received from Cllr Dominic Twomey (Barking & Dagenham), Cllr Tim Stevens (Bromley), Cllr Tony Newman (Croydon), Cllr Gerard Hargreaves (Kensington & Chelsea), Cllr David Glasspool (Kingston), April Ashley (UNISON), Kim Silver (UNISON), Helen Reynolds (UNISON), Tony Smith (GMB), Wendy Whittington (GMB), Gary Cummins (Unite), Kath Smith (Unite), Susan Matthews (Unite) Jane Gosnell (Unite) and Onay Kasab (Unite).

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

3. Minutes of the meeting held on 17 March 2016: The minutes of the meeting held on 17 March 2016 were agreed.

4. Matters Arising: Item 4 - Matters Arising - UNISON Ethical Care Charter Jackie Lewis (UNISON) highlighted the recent cases on the BBC relating to seventeen care

workers alleging failure to be paid the minimum wage in the sector's biggest ever legal claim in the LB Haringey. This raises concerns that issues could be broad and not just limited to travel time. Workers could be being short changed elsewhere.

The Chair responded that the Employers' Side Joint Secretary will bring the issues to the attention of the Heads of HR.

Jackie Lewis (UNISON) enquired whether there had been any progress with the LB Lambeth signing the Charter.

The Employers' Side Joint Secretary responded that Lambeth has a willingness to sign the Charter and are currently working through issues to how they make this happen.

Cllr McGlone (Lambeth) added that Lambeth are making sure they are delivering the service before they sign the Charter. Lambeth have a considerable number of people who are receiving the London Living Wage (LLW). Lambeth are also working towards the next Charter in relation to residential care.

Jackie Lewis responded that UNISON would wish Lambeth and other London boroughs sign the Charter. It signals a message from London in relation to the labour market, where a borough is paying the LLW this will encourage people to apply for work in this authority than in an authority which is not.

5. To confirm the membership of the GLPC and Co-Secretaries of the GLPC: The attached membership of the GLPC and Co-Secretaries for 2016-17 was noted and agreed.

GLPC MEMBERSHIP 2016/17

Employers' Side

Cllr Dominic Twomey, Barking & Dagenham
Cllr Colin Tandy, Bexley
Cllr Tim Stevens, Bromley
Cllr Theo Blackwell, Camden
Cllr Tony Newman, Croydon
Cllr Doug Taylor, Enfield
Cllr Sophie Linden, Hackney
Cllr Richard Foote, Hounslow
Cllr Gerard Hargreaves, Kensington & Chelsea
Cllr David Glasspool, Kingston
Cllr Paul McGlone, Lambeth
Cllr Kevin Bonavia, Lewisham
Cllr Simon Wales, Sutton
Cllr Stuart Emmerson, Waltham Forest
Cllr Angela Harvey, Westminster

Union Side

UNISON

Helen Reynolds
April Ashley
Sean Fox
Mary Lancaster
Jackie Lewis
Sue Plain
Simon Steptoe
Janet Walker

Irene Stacey

GMB

Dave Powell
Tony Smith
Vaughan West
Wendy Whittington

UNITE

Onay Kasab
Gary Cummins
Danny Hoggan
Kath Smith
Susan Matthews
Jane Gosnell (Reserve)

Co-Secretaries: Helen Reynolds and Selena Lansley

Sue Plain (UNISON) wished to raise and inform colleagues that the Union Side Joint Secretary, Vicky Easton, had recently retired and would like to note and thank Vicky for all the effort she has put in over the years. Vicky landed the role in a time of the work of the Gold Book (London Agreement) and the list of disputes/differences had been quite extensive for a number of years, which have now been resolved.

Vicky's recent work also covers the refresh of the GLPC Job Evaluation Scheme.

Colleagues in attendance commended Vicky for all her hard work and dedication over the years.

The Chair added thanks for all her work on behalf of this body and wished her well.

Cllr Angela Harvey (Westminster) added that Vicky was always a good person to work with and it has been a pleasure to have worked and known Vicky.

The Chair agreed to draft a letter of thanks to Vicky which will be co-signed by the Union Side.

6. NJC Pay Spine Review – agreed Terms of Reference: Sue Plain (UNISON) highlighted that the pay settlement for 2016-18 included a review of the pay spines nationally and as stated in the NJC letter of 22 August 2016 any review will 'take into account the potential impact on pay arrangements in London.'

There is a need to have a London view on this and the Union Side welcome that this has been recognised.

Dave Powell (GMB) reminded the Employers' Side that also part of the pay deal is to review School Terms and Conditions of Service and London may also want some input in to this review at some point.

The Employers' Side Joint Secretary responded that this is a national review and understands that the terms of reference are currently being considered, not agreed.

7. Review of the GLPC guidance on Shared Services: Dave Powell (GMB) informed colleagues that due to the rise in shared service agreements in London and across the country the Union Side ask that the Employers' Side agree to the Joint Secretaries revisiting the existing guidance to see if it needs to be updated. The world has moved on since this was originally produced in 2012.

The Employers' Side agreed that the Joint Secretaries re-visit the guidance and come back to GLPC with any recommendations at a later date.

8. London Living Wage Summary: The London Living Wage summary below was noted. The summary shows that overall 28 London boroughs are or have agreed to pay directly employed staff the minimum of the LLW (13 boroughs are accredited as Living Wage Employers).

Implemented arrangements specifically to address this

Barking & Dagenham
Barnet
Brent*
Camden*
Croydon*
Ealing*
Enfield*
Greenwich*
Hackney
Hammersmith & Fulham*
Haringey
Harrow
Hillingdon
Hounslow*
Islington*
Kingston (as of 1.4.16)
Lambeth*
Lewisham*
Merton
Newham
Redbridge
Richmond
Southwark*
Sutton
Tower Hamlets*
Waltham Forest
Wandsworth
Westminster

Current position under review

Kensington & Chelsea
Havering

Considered and will not be taking any action at this stage

Bexley
Bromley

* Accredited London Living Wage employers

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

10. Any Other Business; There was no further business.

11. Date of next meeting: The next meeting would be held on **Thursday 9 March 2017**. *Group meetings will at 10am and the main meeting at 11.30am (or on the rising of the sides).*

The meeting was concluded at 15.14.

GLPC Meeting Date for 2017

GLPC AGM

19 October 2017

Group Meeting: 10am

Meeting of the Capital Ambition Board

Tuesday 11 October 2016, 13:00

London Councils, Room 5, 59½ Southwark Street, London SE1 0AL

Members

Edward Lord OBE JP
Cllr Jas Athwal
Cllr David Simmonds CBE

Borough

City of London (Chair)
LB Redbridge
LB Hillingdon

London Councils

Nick Lester-Davis
Frank Smith
Andy Pitcairn
Thomas Man
Hannah Barber
Jade Appleton

Corporate Director, Services
Director of Corporate Resources
Head of Budgetary Control and Procurement
Head of Capital Ambition
Capital Ambition Project Officer
Political Advisor to the Conservative Group

Advisers

John Comber
Mike O'Donnell

Chief Executive, RB Greenwich
Executive Director of Corporate Services, LB Camden

Board Secretariat

David Dent

Principal Corporate Governance Officer

EY*

Darra Singh
Neil Sartorio
Victoria Evans

Partner, Local Public Services
Partner, Local Public Services
Senior Manager, Local Public Services

* from item 6.6 onwards

1. Declarations of Interest

1.2 There were no declarations of interest.

2. Apologies for absence

2.1 Apologies were received from Cllr Stephen Alambritis, Cllr Nicholas Paget-Brown. Apologies were also received from Paul Najsarek (LB Ealing).

3. Minutes of the meeting held on 11 July 2016

3.1 The minutes of the non-exempt part of the meeting held on 11 July 2016 were agreed as an accurate record.

4. Capital Ambition - Director's Report

4.1 Thomas Man introduced the report, which set out a summary of the Capital Ambition activity. There were no exceptions to report, and he felt that the report relayed positive progress across the Capital Ambition programme.

4.2 Cllr Simmonds felt that it would help understanding of the report to obtain feedback from local authorities participating in the programme on the impact in the pilots. The Chair agreed that this would be useful where, for example in the case of the London Borough of Croydon, a change of Chief Executive mid programme led to a review of priorities. It was agreed that officers would incorporate views from Chief Executives in Director's reports going forward, with the possibility of Chief Executives attending CAB in future to express their views.

4.3 Members noted the report.

5. Change to Capital Ambition Board's Terms of Reference

5.1 The Chair confirmed that Leaders Committee had agreed to some minor revisions to the Board's terms of reference using the urgency procedure. The changes were therefore noted.

6. London Ventures Lessons Learnt report

6.1 The Chair wanted the opportunity to consider the report before representatives of EY joined the meeting. Thomas Man introduced the report, commenting that it was part of the closure of the first phase of the programme a 'lessons learned' review took place, and that the review had been led by Jen Kimber, Capital Ambition Project Officer, based on interviews and focus groups with a wide range of London Ventures stakeholders.

6.2 Thomas Man drew attention to page 27 of the report which set out the key findings from the lessons learnt exercise. The issues that were identified were being utilised to inform the development of the next phase of London Ventures.

6.3 Cllr Simmonds was concerned that in order for London Ventures to succeed, there needed to be an increased dialogue with the political leaders of London's local authorities. The Chair recognised that the programme had consulted with Chief Executives and Finance Directors but not with the political leadership. The Chair acknowledged this point and suggested that rather than attempting to use the Leaders' Committee there might be the possibility of securing some time with the Executive to achieve this. Cllr Athwal agreed with this approach.

6.4 Frank Smith felt that the priority for the continuance of the programme was to secure income generation, and that realistic financial projections should be reported to the Board. CAB agreed with this comment.

6.5 The Chair asked for thanks to be communicated to Jen Kimber for the work she did on the report. CAB also welcomed Hannah Barber who had replaced Jen as the new Capital Ambition Project Officer.

6.6 At this stage representatives from EY joined the meeting. The Chair summarised CAB's discussions about the need for political engagement and financial clarity in EY reporting. Darra Singh confirmed a commitment to provide improved reporting going forwards, and the need for greater transparency.

7. New London Ventures Programme Update

7.1 Thomas Man introduced the report and provided the context of the reports that were being presented. As part of the programme deliverables in the first three months a number of documents needed to be produced – of the four required the London Ventures Programme Strategy and London Ventures Portfolio Assessment documents had been produced in advance of the deadline.

- 7.2 Darra Singh commented that EY had found the recent procurement process for the London Ventures contract was a valuable exercise and helped to provide robust challenge to the EY team and sharpen their focus and commitment to the programme.
- 7.3 Neil Sartorio outlined the new London Ventures' objectives, and felt that LV needed to become more distinct and 'branded'. He stated that there was an opportunity to engage external sources of finance to support the delivery of London Ventures products and services. The programme would be focused on delivering benefits and positive outcomes for London local government and provides opportunities to address the 'wicked' issues facing the boroughs.
- 7.4 In discussing the Portfolio Assessment document, Victoria Evans stated that EY were keen not to 'reinvent the wheel' and also would not want to carry on with LV products and services that were not working. She recognised the need to increase the scale and rate of delivery, adopt a 'succeed quickly' approach, and to leverage opportunity within the existing portfolio. Victoria also outlined the 'gateway approach' to ensure the programme is on track, and the importance of seed funding pilots.
- 7.5 In response to a question from Cllr Simmonds about what EY planned to do next, they confirmed that they would be engaging with Chief Executives and senior finance officers, focusing on homelessness and temporary accommodation (subject to the agreement of CAB). This would be the focus of the first targeted London Ventures process. They would aim to have these ideas agreed by December, there would then be an intensive process of defining the problem area, before the launch event for the new programme that will also serve as a call to the market in the new year.
- 7.6 Cllr Simmonds recognised that EY was a profit making organisation, but wanted some detail about how the programme will generate income. Also he was concerned that EY should be upfront about those projects which were not working, and be clear on how ambitious the programme is. Darra Singh felt that EY needed a period following the competitive dialogue process to understand the priorities which make a difference, and obtain agreement from CAB processes such as the portfolio assessment would help to focus the programme's resources on those products and services that could generate the greatest return. Neil Sartorio recognised the importance of the programme needing to be self-financing by the end of year three. He also stated that in relation to the targeted LV approach a number of solutions could be developed to tackle a key area.
- 7.7 Cllr Simmonds felt that despite being in Phase 2 there was still no real understanding of the big issues. Darra Singh understood this and confirmed that they would provide options as stated.
- 7.8 Frank Smith felt that the way that EY had presented financial information in London Ventures phase one had occasionally been unclear, and that an officer meeting would be useful to understand the financial information provided. He also emphasised that EY should provide a full report to CAB for any LV partner that would no longer be part of the programme. Although Darra was not aware that there had been an issue with the financial information previously, he agreed with the need for clarity.
- 7.9 John Comber felt that many of the challenges for London are already well known within the sector, so the process for confirming the priority areas should be a quick process. Mike O'Donnell stated that the programme should seek to tackle those challenges that were of the appropriate scale, and concentrate on what can add the greatest value, as well as linking into existing Local Authority discussions. Nick Lester-Davis commented that London Councils already had programmes covering homelessness and temporary accommodation which the boroughs' had directly invested in. It was important to ensure that the London Ventures activity in this area complements existing work streams, and to engage with the relevant leads for those activities. In addition to the investment made by London Boroughs

– there was a need to ensure that programmes talked to each other. Darra confirmed that the housing and homelessness areas had originally been identified by London Councils, and agreed that the planned re-engagement with Chief Executives would confirm an understanding of all the issues.

- 7.10 Cllr Simmonds hoped that any Procurement within the programme would aim to achieve savings.
- 7.11 EY confirmed that over the next period they will work on the detailed plan including how financial sustainability will be achieved as part of the remaining key deliverables for the programme. EY acknowledged the importance of the 18 month review period and the need for the programme to demonstrate success by that point. The London Ventures communications and marketing plan will, as part of its objectives, publicise implemented projects to share the successes of the piloted LV products and services; EY will also focus on the creation of a capable digital presence. Darra added that EY have an ‘open book’ approach to the programme to ensure accountability.
- 7.12 CAB were then presented with the LV Portfolio Assessment document. EY confirmed that they were looking for CAB’s approval for the proposed package of support and re-negotiations.
- 7.13 In response to a question from Frank Smith regarding the expenditure balance between new ventures and re-negotiation within the committed money, EY commented that 10% of the £1million would be spent on seed funding, but was happy to take a steer from CAB if the requirements were different.
- 7.14 Cllr Simmonds felt that if the return was less than, for example £5,000 for a small number of days, then care should be taken as to how much resource was focused on the general London Ventures programme. Neil Sartorio reconfirmed that EY understood the importance of the programme needing to be self-financing in order for it to continue.
- 7.15 The Chair agreed that Frank Smith and Thomas Man should work with EY representatives on the details of the resource allocation, in particular the resource dedicated to supporting the general London Ventures programme and send it to CAB under separate cover. Because of the urgent need to do this it was agreed that Andy Pitcairn could assist.
- 7.16 CAB:
- Agreed to recommendation a) in the cover report
 - Agreed to b) in principle subject to the availability details at 7.15 above
 - Agreed c) subject to the agreement to b) above

8. Any other business

- 8.1 There was no other business.

Members resolved to exclude the press and public from the meeting for the exempt part of the meeting.

The meeting finished at 14:05.

Pensions CIV Sectoral Joint Committee (PSJC)

18 October 2016

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Tuesday 18 October 2016 at 2:00pm in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

Present:

City of London	Mark Boleat (Chair)
Barking and Dagenham	Cllr Dominic Twomey
Barnet	-
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	-
Camden	Cllr Rishi Madlani
Croydon	-
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Greenwich	-
Hackney	Cllr Roger Chapman
Hammersmith and Fulham	-
Haringey	Cllr John Bevan (Deputy)
Havering	-
Harrow	Cllr Nitin Parekh
Hillingdon	Cllr Philip Corthorne
Hounslow	Cllr Mukesh Malhotra
Islington	Cllr Richard Greening
Kensington and Chelsea	-
Kingston Upon Thames	Cllr Eric Humphrey
Lambeth	Cllr Iain Simpson
Lewisham	Cllr Liz Johnston-Franklin (Deputy)
Merton	Cllr Imran Uddin
Newham	Cllr Forhad Hussain
Redbridge	-
Richmond Upon Thames	-
Southwark	-
Sutton	Cllr Sunita Gorden
Tower Hamlets	Cllr Clare Harrison
Waltham Forest	-
Wandsworth	Cllr Maurice Heaster
City of Westminster	Cllr Tim Mitchell (Deputy)

Apologies:

Barnet	Cllr Mark Shooter
Bromley	Cllr Teresa Te
Croydon	Cllr Simon Hall
Greenwich	Cllr Don Austen
Hammersmith & Fulham	Cllr Iain Cassidy
Haringey	Cllr Clare Bull
Havering	Cllr John Crowder
Lewisham	Cllr Mark Ingleby
Redbridge	Cllr Elaine Norman
Richmond-upon-Thames	Cllr Thomas O'Malley
Southwark	Cllr Fiona Colley
Westminster	Cllr Sulhail Rahuja

Officers of London Councils were in attendance as were Hugh Grover (CEO, London CIV), Julian Pendock (CIO, London CIV), Brian Lee (COO, London CIV), Jill Davys (AD Client Management, London CIV), and Ian Williams (Chair, Investment Advisory Committee).

1. Announcement of Deputies

- 1.1. Apologies for absence and deputies were as listed above.

2. Declarations of Interest

- 2.1. There were no declarations of interest that were of relevance to this meeting.
- 2.2. The CEO to look into whether members should declare a deferred pension scheme as a declaration of interest at the PSJC.

3. Minutes of the AGM Meeting held on 14 June 2016

- 3.1. The minutes of the PSJC meeting held on 14 June 2016 were agreed.

4. London CIV Business Planning

- 4.1. The CEO introduced the report. He said that the key points could be found at paragraphs 10 to 14 of the report. Northern Trust said that the CIV had opened more sub-funds than any similar organisations. Passive investments were not generating any income because those assets now remained outside of the London CIV. The aim was to bring further detail to the PSJC meeting on 13 December 2016, including a resource plan and rationale.
- 4.2. The process of opening sub-funds had become easier, but there was no way of knowing if boroughs would individually move into these sub-funds (this was part of the budget issue for the CIV).
- 4.3. The following issues were discussed:
 - Councillor Heaster asked for clarification for the sub-fund AuM fees being “significantly down” (paragraph 15, page 7). Brian Lee said that there was a £250,000 shortfall in passive funds, and a £100,000 deficit owing to the delay in the launch of some sub-funds (amounting to just over £300,000 in total).
 - Councillor Malhotra voiced concern that some projects had been deferred. He said that greater prioritisation needed to take place. The CEO acknowledged the challenge responding that significant progress had been made, albeit not necessarily as planned.
 - Councillor Greening said that he would prefer a fuller report. He said that a more realistic approach was needed and to stick with the principles of saving money. It was not possible to accurately forecast how large the transfer of assets would be and what fees would come from it.
 - Councillor Simon suggested that boroughs that had benefited from the reduced fees for passive investment should pay a percentage of the savings

to LCIV. The CEO responded that the issue was being discussed with Officers/Treasurers and options would come to a future meeting.

- Councillor Greening said he was concerned at the excessive regulatory costs. He agreed that it would be preferable to look at Councillor Simon's proposal rather than levying the boroughs more.

4.4. The Committee:

- (i) Noted the contents of the report;
- (ii) Agreed that a more detailed report would be brought to the PSJV on 13 December 2016; and
- (iii) Agreed to look into the possibility of boroughs with savings accruing from passive funds outside of LCIV paying a percentage of the savings to LCIV.

5. Investment Report and Fund Update

- 5.1. Julian Pendock introduced the report. He said that with a great deal of volatility in the market at present the Allianz and Baillie Gifford sub-funds had both been performing well.
- 5.2. Jill Davys informed the PSJC that the Stewardship Working Group had met in the summer and the draft minutes were attached to the report. She confirmed that there had been approximately 5 alerts within a six month period.
- 5.3. Councillor Malhotra asked if further reports could contain a cumulative total of funds under management, in order to see how the funds were performing.
- 5.4. The Committee noted the report.

6. Global Equity Procurement

- 6.1. Julian Pendock introduced the report informing members that tender submissions had been received from over 200 fund managers, 58 meetings had been arranged with fund managers, and that the fees being offered had been very encouraging.
- 6.2. Councillor Simon asked whether tax savings would be identified as well as cost benefits. The CEO responded that the CIV was very tax efficient and that tax savings would be identified where it was possible to do so.
- 6.3. Councillor Simpson asked whether the start-up fees would go down once the size of the sub-funds increased. The CEO noted that start-up fees would indeed go down over time.
- 6.4. The Committee noted the report.

7. Investment Advisory Committee (IAC) Update

- 7.1. Ian Williams, Chair of the IAC, introduced the report. He informed members that the IAC had been working closely with LCIV to develop the Business Plan.
- 7.2. The Committee noted the report.

8. Review of Benefits

- 8.1. The CEO said that efforts would be made to quantify the savings made although defining fund manager fee savings was a complex issue that would increase in complexity over time as boroughs started to make new investments that were not part of the initial 'commonality' approach and therefore it would be difficult to define a prior fee position against which to make the comparison.
- 8.2. Councillor Greening said that a fuller picture of the costs, benefits and future estimations (including any "guesswork") was required, preferably in a table format. This could be carried out through the deputy chairs of the PSJC. Councillor Simpson suggested including a timeframe, as well as costs and benefits. The CEO said that ranges for the benefits might need to be incorporated.
- 8.3. Councillor Simon asked whether transition arrangements for new funds would be supported by the CIV. The CEO said that it was on the agenda to go through a procurement exercise to generate a framework contract with a number of Transition Managers for the boroughs to call off.
- 8.4. The Committee:
 - (i) Noted the report, and
 - (ii) Agreed to look into having costs, benefits and future estimations, in a table form, in future Benefits reports that went to the PSJC.

9. Remuneration Committee Policy & Terms of Reference

- 9.1. Councillor Greening felt that the total remuneration figure of £500,000 was excessive (page 52). The CEO said that this figure was set by the FCA and was not an indicative amount in terms of what LCIV staff might be paid, but simply part of the FCA's regime for identifying 'Code Staff'. The Chair confirmed that it was the regulator that required this figure. The CEO said that he would take legal advice on this issue to ascertain if it was possible to use a lower figure.
- 9.2. The Committee:
 - (i) Noted the report; and
 - (ii) Agreed to look at taking out the figure of £500,000 for the total remuneration of code staff (page 52, paragraph 6.3 for the report) and consider putting in a reference to the FCA's handbook for this remuneration instead.

The Exempt minutes were agreed (Item E3)

The meeting closed at 15.05pm

LONDON COUNCILS GRANTS COMMITTEE
23 November 2016

Minutes of the Grants Committee held at London Councils, 59½ Southwark Street, London SE1 0AL on Wednesday 23 November 2016

London Borough & Royal Borough:

Representative:

Barking and Dagenham	Cllr Saima Ashraf
Bexley	Cllr Don Massey
Brent	Cllr Margaret McLennan
Bromley	Cllr Stephen Carr
City of London	Cllr Alison Gowman
Ealing	Cllr Ranjit Dheer
Enfield	Cllr Yasemin Brett
Greenwich	Cllr Denise Scott-McDonald
Harrow	Cllr Sue Anderson
Havering	Cllr Melvin Wallace
Hounslow	Cllr Richard Foote
Islington	Cllr Kaya Comer-Schwartz
Kensington & Chelsea	Cllr Gerard Hargreaves
Lambeth	Cllr Paul McGlone (Chair)
Lewisham	Cllr Joan Millbank
Merton	Cllr Edith Macauley
Newham	Cllr Forhad Hussain
Redbridge	Cllr Bob Littlewood
Southwark	Cllr Barrie Hargrove
Sutton	Cllr Simon Wales
Tower Hamlets	Cllr Rachael Saunders
Waltham Forest	Cllr Clyde Loakes (substitute)
Westminster	Cllr Rachel Robathan (substitute)

London Councils officers were in attendance.

Yolande Burgess, Strategy Director, was introduced to the Committee as this was the last meeting to be attended by Nick Lester-Davis, Corporate Director, Services. The Chair proposed a vote of thanks for Nick's work, endorsed by the Committee. Nick Lester-Davis thanked the Chair and Committee and said he hoped that in his work with members he had supported the voluntary sector to move to a more partnership way of working.

1. Apologies for Absence

- 1.1 Apologies were received from Cllr Richard Cornelius (Barnet), Cllr Hamida Ali (Croydon), Cllr Jonathan McShane (Hackney), Cllr Sue Fennimore (Hammersmith & Fulham), Cllr Eugene Ayisi (Haringey), Cllr Douglas Mills (Hillingdon), Cllr Julie Pickering (Kingston upon Thames), Cllr Meena Bond (Richmond), Cllr Liaquat Ali (Waltham Forest), Cllr James Madden (Wandsworth), Cllr Nicki Aiken (Westminster)

2. Declarations of Interest

- 2.1 There were three declarations of interest: Cllr Joan Millbank (Lewisham) as an employee of City Bridge Trust; Cllr Alison Gowman (City of London) as Chair of City Bridge Trust; and Cllr Sue Anderson (Harrow) as a member of the National Autistic Society.

3. Minutes of the Grants Committee AGM – 13th July 2016

- 3.1 The minutes were agreed as an accurate record of the meeting, subject to the correction of the spelling of Cllr Comer-Schwartz's name in item 6.1 (written incorrectly as Cllr Komer-Schwartz).

3.2 The Chair raised the following points in relation to items in the minutes:

- Regarding the requirement to review Terms of Reference, it was confirmed by Simon Courage, Head of Grants and Community Services, that item 7 on this agenda would address the issues raised at the previous meeting
- The issue of clustering, raised by members on page 5 of the minutes, had been considered by staff. The Head of Grants and Community Services commented that while the clusters had made sense at the time, not enough consideration had been given to borough's needs to work together. The cluster would have to remain until the current agreements conclude at the end of 2018. However the clusters will be revisited at the end of 2016/17. Cllr Carr felt that more detail was required in order to understand the fuller picture as he felt that it was difficult to see the value added in terms of areas like employment initiatives under the present arrangements.
- Borough profiles (referred to in page 6 of the minutes) – the Head of Grants and Community Services had tabled an example of the pro forma to be sent to boroughs going forward as part of the review of the Commissioning Performance Management Framework.

3.3 Cllr Anderson asked why people on the Autism spectrum were not specifically targeted in terms of employment initiatives. The Head of Grants and Community Services responded that around 65% of people on the programme had additional needs, including Autism, but because the programme was working within the National Framework there were no specific Autism targets. However, he agreed to consider the issue and report back to the Councillor.

4. Performance of Grants Programme 2013-17

4.1 The Head of Grants and Community Services outlined the key performance areas, namely: Priority 1 – outcomes were 27% above profile; Priority 2 – outcomes were overall 12% above profile; Priority 3 - outcomes were not currently being reported as projects had closed at the end of 2015; Priority 4 – overall 5% below profile.

4.2 The number of interventions in each of the priorities was also mentioned, and that 21 projects were green and 4 amber; the amber projects were so rated because of a combination of delays in collecting data, and loss of partner organisations. It was hoped that the Women in Prison project would pick up, but section 6 of the report also set out the process for the recovery of funding. The Ashiana Network project, which had been delayed in starting up, had moved from red to amber and it was hoped to move to green by the next quarter. In response to a question from the Chair, it was confirmed that while many of the interventions were unique, there may also be some crossover between them.

4.3 Referring to Appendix Two of the report, Cllr Loakes asked why there had been so little impact of Service Area 2.1 projects in Waltham Forest? Katy Makepeace-Gray, Principal Programme Manager, responded that it was likely that the project had not reached the borough yet (there were similar low numbers if Kensington and Chelsea) but would check and respond to the Councillor. The project works on a rolling basis delivering prevention activities in schools and youth settings.

4.4 Cllr Scott-McDonald asked for assurances that robust delivery would be guaranteed as projects moved toward their deadline? The Principal Programme Manager confirmed that the performance management framework would ensure delivery by the end of the programme.

4.5 In response to a question from Cllr Carr, regarding outcomes with and without interventions, Officers confirmed that there is a need to strengthen the clarity of outcomes, which will be covered in the new specifications in July 2017. Cllr Carr asked whether an intervention in a school of, say 200 pupils would count as one intervention or 200? Members were referred to the table at Appendix 2 which includes both new service user

numbers and numbers successfully achieving each outcome from the London Councils specification. The Corporate Director, Services mentioned that the complexity of these tables reflected the issues associated with plotting outcomes.

- 4.6 Cllr Hargreaves asked a question about the apparent disparity between clusters and outcomes for Kensington and Chelsea. It was agreed that the Head of Grants and Community Services would check the detail and confirm this.
- 4.7 In relation to a concern from Cllr Massey about groupings and the need to identify borough issues rather than pan London ones, the Head of Grants and Community Services said that, moving forward, borough targets have been identified in the service specifications and that quarterly reporting of this information would take place. Performance issues would then be discussed with those individual boroughs. This was supported by the Chair, who confirmed that Grants Committee had previously given a clear steer for the need for borough accountability.
- 4.8 Cllr Wales mentioned the issue regarding the discrepancy between housing and homelessness, and the general likelihood of more homelessness in central London. The Head of Grants and Community Services agreed that it can be difficult to assess this, and that the figures are more definite within, say, the poverty priority. The Corporate Director, Services, mentioned that 45% of all recorded homelessness was in outer London.
- 4.9 Cllr Robathan commented on the issue of homelessness in Westminster, and the fact that the number of people sustained in tenancies in the borough is very low. The Head of Grants and Community Services mentioned that it is often difficult to obtain statistics on sustainability, but it would be possible to use a larger sample to recognise this.
- 4.10 Cllr Carr mentioned that homeless households are often housed in outer London because the cost of housing is lower, and was concerned about people being housed in Bromley when they had declared themselves homeless in central London. The Head of Grants and Community Services confirmed that the homelessness target setting factored this movement into the calculations as far as possible. The borough targets in the new programme would reflect this. Cllr Carr also hoped that the issue of one organisation providing two projects where each individual project was below the financial scrutiny target would be looked at.
- 4.11 Cllr Millbank commented that any performance against targets would be impacted on by indirect factors, for example wider policy changes. Cllr Anderson observed that another impact on homelessness was the volatile nature of private sector rented accommodation and the actions of landlords.
- 4.12 Members agreed to note Section 1 (a – d) of the report.

5. Month 6 Revenue Forecast 2016/17

- 5.1 The Chair asked Frank Smith, Director of Corporate Resources, to introduce the report.
- 5.2 The Director of Corporate Resources reported that the projected £854,000 surplus was mainly attributable to slippage attributable to the delayed start of the new ESF programme, with slippage minor underspend projected in respect of Priority 1, 2 and 4 projects. There is also a projected small overspend in respect of preparatory work in setting up new commissions.
- 5.3 It was confirmed that, in terms of the ESF funding for the new programme, the total commitment from boroughs would not exceed £3million; £1million had been paid in 2015/16, £1million in the current financial year and the final £1million was to be paid in 2017/18. There would be no further contribution from boroughs from 2018/19 onwards.

- 5.4 The Committee noted the projected surplus of £854,000 and the projected level of reserves highlighted in the report.

6. Grants Programme 2017-21: Update on Commissioning Process

- 6.1 The Chair recognised that there had a good commissioning relationship had been developed to carry out this work, and formally thanked borough officers, who had all been involved in the process.
- 6.2 Members were informed that the next step would be a confirmation of scoring, followed by an assurance process with extensive due diligence, before officers make recommendations in 2017.
- 6.3 Cllr Millbank asked whether due diligence was carried out for sub-applicants as well as the main applicant? Officers confirmed that although it is the responsibility of the lead applicant to check the viability of sub-applicants, that all applicants are checked by LC prior to allocation of any grant.
- 6.4 Cllr Comer-Schwartz asked about the quality of the reference process, and was informed by officers that as well as taking up two references (for the applicants applying for more than £1m) relevant borough staff are also involved in the scoring. The Chair pointed out that references are in the public domain and as such could be made available to bidding organisations.
- 6.5 In response to a question from Cllr Carr, it was confirmed that the financial threshold was assessed on a per annum basis, and other capacity assessments are also be carried out.
- 6.6 Cllr Wallace asked whether organisations in Havering could now bid for other contracts in neighbouring boroughs? The Head of Grants and Community Services clarified that his earlier comments regarding clusters had meant that there would be a review of them in 2017, and that if any opportunities were presented for such bidding, this would be subject to an open process.
- 6.7 The Chair was keen that the assessment work be done as soon as possible so that the final recommendations could be done well in time for the February Committee, possibly to be sent out a little prior to the usual dispatch deadline. Officers agreed to consider this.
- 6.8 The Committee formally thanked the borough officers involved in the scoring and moderation process and noted the remainder of the report.

7. Leadership in the Third Sector: the Role of London Boroughs and London Councils

- 7.1 The Chair informed members that in July 2016 Grants Committee Members had agreed that officers make provision in the 2017-18 budget proposals to be considered by the November meeting of the Grants Committee for resources to cover London Councils officer time to deliver on the work with City Bridge Trust (CBT). The report provided to Grants Committee was as a result of a requirement to provide with a report back on the financial comment required, capacity issues and a workplan.
- 7.2 The Head of Grants and Community Services drew members' attention to Appendix One of the report which set out, within three aims of providing local government leadership, a voice for boroughs and working in partnership with CBT, a series of shorter and longer term objectives, which had been a specific requirement from members. He commented that discussion with boroughs was ongoing to build up intelligence that CBT would turn into a strategy linked to funding deliverables.

- 7.3 The Chair added that the CBT offer asked the Committee to provide leadership in the Third Sector, an offer which he felt should be taken up, and with which members agreed. This could be undertaken by the Grants Committee, and members may wish to consider whether the terms of reference needed to be enhanced to adequately reflect working with City Bridge Trust and an enhanced leadership role within the sector. Should members wish to do this it would require an agreement from Leaders' Committee. The Chair also proposed the establishment of a separate Sub Committee. He asked officers to facilitate both of these requirements.
- 7.4 Cllr Comer-Schwartz supported this and felt that the boroughs were well placed to know their own needs.
- 7.5 Cllr Millbank supported this but felt that, as 'The Way Forward' report was in her opinion not always clear, this echoed the need for the mechanism of a Sub Committee to help work out a set of detailed outcomes and to help make the work sustainable. This comment was endorsed by Cllr Wales. Cllr Hargreaves supported the setting up of a sub-group, and that the outcomes would need to be strengthened going forwards, given that it was an early stage in the process.
- 7.6 Cllr Carr felt that £75,000 was a lot to expect in terms of year one delivery. It was confirmed that this figure was net of salaries but included accommodation costs.
- 7.7 Cllr Scott-McDonald felt that as this was a new role for Grants Committee that a conversation with the Deputy Mayor would be useful. Officers confirmed that this was factored in as was a link to London Funders. The Chair had been contacted by Matthew Ryder, Deputy Mayor Social Integration, Social Mobility and Community Engagement at the GLA, who would work with the Sub Committee.
- 7.8 The Committee noted the budget proposals, agreed the workplan and agreed to propose to Leaders' Committee an extension of its Terms of Reference to accommodate this wider role in providing leadership in the third sector, including the establishment of a new Sub Committee.
- 8. London Boroughs Grants Scheme – Budget proposals 2017/18**

- 8.1 The Director of Corporate Resources introduced the report, which detailed the indicative overall budget for the Grants scheme for 2017/18 of £8.668 million. He also reported that £156,000 would be repaid to boroughs, and that £75,000 be transferred to fund a post to work with City Bridge Trust.
- 8.2 Members were informed about the projected shortfall in overhead recovery in respect of the new borough ESF programme over the three year programme period. The borough programme is managed by the Leaders' (Joint) Committee, not the Grants Committee. To contribute to the projected shortfall, the Grants Committee was being asked to approve that the proportion of the proposed £156,000 repayment to boroughs from uncommitted Grants Committee reserves that relates to the 21 boroughs participating in the borough ESF programme be transferred to the Leaders' Committee. This proposal was approved by the Committee.
- 8.3 Members agreed to:
- the overall level of expenditure in 2017/18 of £8.668 million
 - borough contributions for 2016/17 at £7.668 million
 - the transfer of £156,000 to be returned to the boroughs in the form of repayment

- the transfer of £75,000 to fund a post to work with City Bridge Trust
- assumptions in the apportionment of 2017/18 contributions
- setting aside provision for £555,000 for staff and support services to ensure delivery of grants responsibilities

9. Commissioning Performance Management Framework Review

9.1 The Chair introduced the report, telling members that a lot of work had been done on the framework in 2012/13, and that before the revised framework was reported back to Committee in February 2017, he was keen that Members should have the opportunity to comment fully. Members agreed this, and raised several issues under the item:

- There needs to be a clear definition of what 'not for profit' means, as there were a number of new charitable structures with different governance arrangements
- The term 'qualified accounts' needs clarifying in that smaller charities need only have an 'independent examination' of their accounts
- A glossary of abbreviations and their meanings would be useful

9.2 The Chair asked for any further comments by no later than the end of January 2017. On this basis members noted the other parts of the report.

The meeting finished at 12:25pm

Pensions CIV Sectoral Joint Committee (PSJC)

13 December 2016

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Tuesday 13 December 2016 at 10.30am in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

Present:

City of London	Mark Boleat (Chair)
Barking and Dagenham	-
Barnet	Cllr Mark Shooter
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	-
Camden	Cllr Rishi Madlani
Croydon	Cllr Simon Hall
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Derek Levy (deputy)
Greenwich	-
Hackney	Cllr Roger Chapman
Hammersmith and Fulham	-
Haringey	-
Havering	Cllr John Crowder
Harrow	-
Hillingdon	Cllr Philip Corthorne
Hounslow	Cllr Mukesh Malhotra
Islington	Cllr Richard Greening
Kensington and Chelsea	-
Kingston Upon Thames	Cllr Roy Arora (deputy)
Lambeth	-
Lewisham	Cllr Mark Ingleby
Merton	-
Newham	Cllr Forhad Hussain
Redbridge	-
Richmond Upon Thames	Cllr Thomas O'Malley
Southwark	Cllr Fiona Colley
Sutton	-
Tower Hamlets	Cllr Clare Harrisson
Waltham Forest	Cllr Simon Miller
Wandsworth	Cllr Maurice Heaster
City of Westminster	Cllr Sulhail Rahuja

Apologies:

Barking and Dagenham	Cllr Dominic Twomey
Bromley	Cllr Teresa Te
Enfield	Cllr Toby Simon
Greenwich	Cllr Don Austen
Hammersmith & Fulham	Cllr Iain Cassidy
Haringey	Cllr Clare Bull
Harrow	Cllr Nitin Parekh
Hillingdon	Cllr Philip Corthorne
Kingston Upon Thames	Cllr Eric Humphrey
Redbridge	Cllr Elaine Norman
Sutton	Cllr Sunita Gordon

Officers of London Councils were in attendance as were Lord Kerslake, Chair of the Pensions CIV Board, Hugh Grover (CEO, London CIV), Julian Pendock (CIO, London CIV), Brian Lee (COO, London CIV), Jill Davys (AD Client Management, London CIV), and Ian Williams (Chair, Investment Advisory Committee).

1. Announcement of Deputies

- 1.1. Apologies for absence and deputies were as listed above.

2. Declarations of Interest

- 2.1. There were no declarations of interest that were of relevance to this meeting.

At the start of the meeting the Chair, Mr Mark Boleat provided feedback from a recent (12 December) meeting with Mr Marcus Jones MP Parliamentary Under-Secretary of State (Department for Communities and Local Government, Minister for Local Government). He noted that in attendance had been himself, Cllrs Johnson, Heaster and Gordon, Lord Kerslake, Hugh Grover and Ian Williams. He reported that key themes from the Minister had been:

- The government's ongoing commitment to the overall LGPS pooling policy;
- Reinforcement of the government's desire to see more investment in infrastructure. On which the Chair made a general point about funding infrastructure, that the issue was not finding finance for infrastructure but finding infrastructure for finance;
- A hope that progress would be made further and faster; and
- Enthusiasm for collaboration between pools.

In response the London CIV side had stressed the costs associated with regulation in the hope that the minister may be able to do something about it.

Chair of the Board, Lord Kerslake affirmed that London was ahead of most, if not all, CIVs elsewhere in the country. On infrastructure, he pointed out that the government was keen for the CIV to invest in infrastructure but without any detail about precisely how this would be done. He noted that a follow up letter was expected and would be circulated.

3. Minutes of the Meeting held on 18 October 2016

- 3.1. Cllr Rishi Madlani pointed out that ESG Criteria had been omitted from item 6 in the minutes.
- 3.2. With that change made, the minutes of the PSJC meeting held on 18 October 2016 were agreed.

4. Global Equity Procurement Update

- 4.1. The CIO introduced the item saying the CIV Investment Team, working alongside the Global Equity Sub-Group (drawn from local authority colleagues of the Investment Advisory Committee (IAC)) had been progressing with the global equity procurement. In total some 57 clarification meetings had been held with prospective fund managers, covering nine global equity strategies. A

final preferred list would be discussed with the IAC and the Joint Committee. In addition, London Funds had been completing a survey to assess their current requirements in the global equity space, in order to decide which sub-funds should be opened first. He had been encouraged that most managers had claimed to be charging the lowest ever fees.

- 4.2. In response to questions from Cllr Richard Greening about the ability to move from one fund manager to another and the need to look at investing in infrastructure and housing the CIO replied that the difference between those fund managers that were being brought on and those that were in procurement could be made clear, that the IAC Fixed Income sub-group would be bringing forward ideas covering cashflow generating products and that infrastructure meant different things to different boroughs.
- 4.3. The CEO said that a survey of the London LGPS Funds had been undertaken to help enhance current understanding of likely equity fund requirements which would help to determine which of the nine strategies was put forward for development of new funds and the timeframe for doing so. Due diligence would be conducted on all the managers where sub-funds were going to be opened and commercial negotiations finalised. In response to a question from Cllr French about whether fresh due diligence was needed, the CEO replied that it was.
- 4.4. The Committee agreed to note the report.

5. Investment Advisory Committee Update

- 5.1. The CEO introduced the Chair of the Investment Advisory Committee (IAC) Mr Ian Williams who introduced the report as follows:
 - He thanked the number of boroughs that had contributed officer time, and the officers themselves for all their hardwork and commitment;
 - He noted that current work was being taken forward through sub-groups on: Global equities; fixed income and cashflow; stewardship; infrastructure; housing; and reporting.
 - He was encouraged by the progress being made and the involvement of boroughs in the global equity procurement process which was going well;
- 5.2. In response to a point made by Cllr Mukesh Malhotra about who individual members were on committees and how they came to be appointed, he undertook to circulate a list and reported that members of the IAC were principally selected by election or nomination and that the selection process was managed by borough treasurers through the Society of London Treasurers.
- 5.3. The Chair reported that the borough Treasurers had proposed a governance review which would include the role and terms of reference of the Investment Advisory Committees.
- 5.4. Cllr Richard Greening pointed out that Fixed Income was an asset class that had changed in risk profile and that perhaps infrastructure should be prioritised instead of it. The CEO assured that priorities could be revisited. He went on to

point out that one reason to concentrate on bigger asset classes was to grow the quantum of assets under management to shift the funding of London CIV from the annual service charge, which would need to be increased for the next few years, to fee income from the fund, and there was not a great amount of assets going into infrastructure at the current time, hence its lower priority. The CIO drew attention to the 'litany of woes' in the Fixed Income market which was something that was being considered by the Fixed Income sub-group.

- 5.5. Cllr Fiona Colley argued that Global Equity funds would not be ready when investments were ready to be made and the CEO said that the process to open a sub-fund was more complex than had been anticipated and with preparatory legal work it was taking 3-4 months to open a fund, including a month to obtain FCA authorisation. He was conscious that boroughs may have to move before all asset classes were ready and assured that every effort was being made to speed up the fund opening process.
- 5.6. The Committee agreed to note the report.

6. Constitutional Matters

- 6.1. Christiane Jenkins, the London Councils' Director of Corporate Governance introduced the report saying:
 - All 33 London local authorities had now adopted a similar form of resolution to facilitate their participation in the London LGPS CIV Limited and the London Councils Pension CIV Sectoral Joint Committee (PSJC)
 - The authorities agreed in taking those resolutions that, should all 33 London local authorities resolve to participate in the arrangements, Leaders Committee should exercise those functions, instead of the sectoral joint committee which is restricted to having a maximum of 32 members under the London Councils (Leaders') Committee Governing Agreement, and the Governing Agreement should be varied accordingly.
- 6.2. Lord Kerslake noted that this was a product of the success of signing up all the boroughs and he hoped that the CIV committee would continue in some form.
- 6.3. In response to a question from Cllr Malhotra, the CEO confirmed that all participating local authorities had contributed the same amount of funding and share capital.
- 6.4. Cllr Rishi Madlani pointed out that if all 33 Variations to the Agreement were signed tomorrow the committee would stand dissolved and steps should be taken to ensure that this did not happen immediately and thought needed to be given to what representatives would be involved, pensions committee chairs, trade unions.
- 6.5. The Committee agreed to note:
 - that following a decision of the 33rd London local authority to delegate the exercise of sections 1 and 4 of the Localism Act 2011 for the purpose of participating in the London Councils Pension CIV Sectoral Joint Committee (PSJC), a formal agreement varying the London Councils Governing Agreement would be prepared and sent to each London local authority to

incorporate into that Agreement the functions which Leaders' Committee would instead jointly exercise on behalf of all 33 authorities

- that the Pensions CIV Sectoral Joint Committee would be dissolved upon the formal variation being entered into by all 33 participating local authorities
- that until such time as all the participating authorities had returned the signed variation, that the Pensions CIV Sectoral Joint Committee would continue to exist and meet.

The meeting resolved to exclude the press and public.

The meeting closed at 11.15pm

Meeting of the Capital Ambition Board

Tuesday 13 December 2016, 10.30am

London Councils, Room 5, 59½ Southwark Street, London SE1 0AL

Members

Edward Lord OBE JP
Cllr Stephen Alambritis
Cllr Theo Blackwell
Cllr Nicholas Paget-Brown

Borough

City of London (Chair)
LB Merton
LB Camden
RB Kensington & Chelsea

London Councils

Frank Smith
Guy Ware
Andy Pitcairn
Thomas Man
Lisa Henry
Hannah Barber

Director of Corporate Resources
Director: Finance, Performance & Procurement
Head of Budgetary Control and Procurement
Head of Capital Ambition
Capital Ambition Programme Manager
Capital Ambition Project Officer

Advisers

John Comber
Paul Najsarek

Chief Executive, RB Greenwich
Chief Executive, LB Ealing

Board Secretariat

David Dent

Principal Corporate Governance Officer

Behavioural Insights Team**

Tim Pearce
Pieter Cornel
Matthew Wallbridge

Head of Local Government, BIT
Associate Advisor, BIT
Head of Transformation and Service Improvement,
and Interim Head of ICT, LB Croydon

EY*

Victoria Evans
Shu Fei Wong

Senior Manager, Local Public Services
Consultant, Local Public Services

* from item 6.1 onwards

** until item 6

1. Declarations of Interest

1.2 There were no declarations of interest.

2. Apologies for absence

2.1 Apologies were received from Cllr David Simmonds and Cllr Jas Athwal. Apologies were also received from Mike O'Donnell (LB Camden) and Rob Leak (LB Enfield).

3. Minutes of the meeting held on 11 October 2016

3.1 The minutes of the non-exempt part of the meeting held on 11 October 2016 were agreed as an accurate record.

3.2 With regard to section 7.15 of the minutes, Frank Smith, Director of Corporate Resources, stated that his questions regarding resource allocation had been addressed and therefore

CAB would be able to agree to recommendation b) in item 7 New London Ventures programme update report. The Chair therefore agreed the recommendation on this basis.

4. Capital Ambition - Director's Report

- 4.1 CAB welcomed Guy Ware, Director: Finance, Performance & Procurement from London Councils, who was now responsible for overseeing the Capital Ambition programme.
- 4.2 Thomas Man briefly introduced the report, the contents of which were noted by CAB.

5. Applying Behavioural Insights – Progress Update

- 5.1 The Chair introduced the item and welcomed Tim Pearce and Pieter Cornel from the Behavioural Insights Team (BIT) and Matthew Wallbridge from the London Borough of Croydon. He reminded CAB that it had approved funding of £120k at the February 2016 board meeting for two behavioural insight trials in the London Borough of Croydon, and a further four scoping studies – to include other boroughs. It was agreed that BIT would report back to CAB to obtain a steer for the next steps, and if the Board wished to receive costed proposals on possible future trials as proposed in the scoping study reports. The Chair reminded the Board that a further £200k had been reserved for future trials – should these be deemed viable. The Chair invited Tim, Pieter and Matthew to talk about the behavioural insights work being carried out.
- 5.2 Tim Pearce confirmed that three scoping studies had been undertaken based on assessment of services where behavioural insights would add value, and one was still being researched. The areas of the scoping studies are: 1. reducing hospital readmissions working with LB Merton; 2. supporting Adult Social Care in LB Barnet; 3. supporting Children's Social Care in the Tri-Borough, and 4. improving Public Health in Croydon.
- 5.3 Regarding the hospital readmissions scoping study, it was reported that there had been a delayed start due to gaining access to the best contacts at St George's hospital, but that this work had now started. The scoping study would be looking at: admissions to hospital with no defined medical need and options for re-routing some of these customers; the interaction between staff and patients' families; the role of discharge managers in the process; and the relationship between clinical staff and occupational therapists. A further report would be made to the February 2017 CAB.
- 5.4 The scoping study looking at adult social care in Barnet had been driven by a combination of rising demand and falling resources. The scoping study was to concentrate on prevention and early interventions, redirecting customers to appropriate resources eg dementia services, and supporting independence. The main recommendation from this study was looking at the uptake of Telecare. However, Barnet have confirmed that they did not currently have the capacity to run a trial.
- 5.5 The focus of the Tri-Borough social care scoping study was: on children who had a high level of dependency on services; the resource implications of the high rates of 'no further action' assessments; the impact of and the decision making issues related to this; and, the recruitment of foster carers. The latter two issues would form the basis of the key recommendations for trials, with the possibility of extending recruitment solutions outside of the Tri-Borough.
- 5.6 For the Public Health in Croydon scoping study the team looked at longer term drivers of demand via issues like smoking and alcohol use – as well as childhood obesity. There are already existing programmes in these areas that could be better utilised and where behavioural science may play a role. However the key recommendation was to focus on improving immunisation rates, in Croydon the study found low (significantly below herd

immunity) levels of MMR vaccination in certain population groups – where behaviour science could apply.

- 5.7 Paul Najsarek asked how clear were the team about the impact of the trials He recognised the value of projects 2 and 3, although felt that public health and obesity was more difficult to realise. The Chair commented that as part of the next steps, bringing back a costed proposal – the potential impacts, financial benefits and transferability across London would be included, and likely to inform the Board's decision.
- 5.8 Cllr Alambritis questioned whether the outcomes with respect of hospital readmissions were more for the benefit of the NHS than local authorities? It was confirmed that BIT were aiming for collaboration between LAs and the NHS, but it was agreed that there were definitely specific benefits for the NHS. The Chair felt that the relevant representatives of NHS London should be invited to the next CAB meeting to discuss potential partnership funding, and asked staff to send an invitation.
- 5.9 Cllr Paget-Brown felt that in terms of decision making issues (in relation to the children's social care scoping activity) consideration should be given as to how to transfer skills and knowledge from more experienced caseworkers to newer staff, including the ability to carry out sensible risk assessments.
- 5.10 CAB noted the progress of the scoping studies and agreed to receive a further report on the behavioural insights work at its February 2017 meeting. At this point the Behavioural Insights representatives left the meeting.

6. London Ventures Progress update

- 6.1 CAB welcomed Victoria Evans and Shu Fei Wong from EY.
- 6.2 Thomas Man, Head of Capital Ambition, informed CAB that he would lead on this item with EY providing support as required, and confirmed that he was seeking CAB approval for key strategic programme documents: London Ventures Business Plan; London Ventures Marketing and Communications Plan and the Targeted Ventures approach.
- 6.3 The Head of Capital Ambition explained the purpose of the Business Plan, which was to articulate a detailed description of the activities and timelines for the programme. The Business Plan also set out the 'Targeted' and 'General' ventures workstreams. He also commented that there were opportunities to leverage different sources of funding e.g. corporate social responsibility funds, to maximise the impact of the programme, and drew CAB's attention to pages 10 and 11 of the document, which set out how the programme's financial sustainability would be achieved.
- 6.4 In response to a question from the Chair as to whether he was happy with the financial aspects of the programme, the Director of Corporate Resources confirmed that he was but stressed the need for close monitoring. The Director of Finance, Performance & Procurement added that the documents contained starred 'gateways' which would prompt closer scrutiny of the programme at appropriate milestones, and there was to be a formal review at the 18 month point as well.
- 6.5 CAB were informed that the Marketing and Communications Strategy document set out the key programme stakeholder groups, the approaches to engagement and the rationale for engaging with them. London Ventures success was dependent on all those involved being champions and advocates for the programme The team were keen to support CAB in terms of any communication or advocacy support they may required.
- 6.6 A key milestone for the programme was to the 23 February launch event, and formal invitations would be sent out shortly. The Chair commented that he may have an issue with

attending the event. Victoria Evans from EY agreed to talk to him after the meeting about this.

- 6.7 The Head of Capital Ambition stated that there was ongoing extensive engagement work, examples of this included attendance at the London Councils 2016 Summit, a meeting with Lord Wei in September, and meetings with London & Partners, who had approached London Councils and were keen to be involved.
- 6.8 In terms of Targeted Venture activity, the Head of Capital Ambition informed CAB that page 3 of the relevant document showed the pace of activity. Victoria Evans commented that the homelessness and temporary accommodation focus for the first targeted venture had been developed in response to consultation with senior officers from across multiple London local authorities, but there would be further opportunities to engage with CAB on the priorities. In addition Shu Fei Wong from EY mentioned that the intention was to build up a portfolio of ideas that responded to the LA's key challenges that would complement and augment existing activities. The targeted ventures approach provides the programme with the capacity to respond to London's challenges.
- 6.9 Cllr Blackwell wanted to understand how CAB linked in with the broader political leadership of LAs. He also sought clarification on whether the Mayor of London's digital agenda was to be reflected within the London Ventures programme. The Chair confirmed that the political engagement issue had been discussed at CAB before and the Board was keen for the programme to engage with politicians as well as senior officers.
- 6.10 Paul Najsarek commented that there was still a lot of unknown information around the challenges, and was concerned that there was a lot to do before the 18 month review point. He also informed CAB that digital issues were discussed at the most recent meeting of Chief Executives' London Committee, and there was an opportunity to access this forum in terms of the new programme.
- 6.11 Victoria Evans responded that a number of the projects in the current programme had a digital element to them, but there had been criticism in the past that the programme had a reputation of being solely technology focused, and EY were trying to achieve a balance.
- 6.12 Cllr Paget-Brown questioned whether the Communications strategy was the most appropriate way of reaching members, who wouldn't necessarily have time to read such a long document? He also commented that as boroughs would soon be planning for the next four years it would be useful to add an objective to ensure that those boroughs engaged with the programme included this engagement within their plans. The Head of Capital Ambition responded that a range of more targeted communication tools existed to engage with different audiences and the purpose of the communications strategy was to set out the overall approach.
- 6.13 The Director of Corporate Resources questioned whether there may be governance issues if other sources of funding were introduced into the programme.
- 6.14 The Head of Capital Ambition and representatives from EY would be looking at the overall issue of income generation and recognised its importance in supporting the continuation of the programme. The Communications and Marketing Strategy was key to underpinning this objective – Paul Najsarek felt that the Strategy was vital to the success of the programme.
- 6.15 CAB agreed to approve the Business Plan, Marketing and Communications Plan and Targeted Ventures approach, subject to the caveats expressed in the discussion.

7. Any Other Business

- 7.1 There was no other business.

Members resolved to exclude the press and public from the meeting for the exempt part of the meeting.

The meeting finished at 12:00

Leaders' Committee

Report from the Transport & Environment Committee – 8 December 2016

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 7 February 2017
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Summary: Summary of the minutes of the London Councils' Transport & Environment Committee held on 8 December 2016

Recommendations: For information.

1. Attendance: Cllr Dean Cohen (LB Barnet), Cllr Colin Tandy (LB Bexley - Deputy), Cllr Ellie Southwood (LB Brent), Cllr Colin Smith (LB Bromley), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Daniel Anderson (LB Enfield), Cllr Sizwe James (RB Greenwich), Cllr Feryal Demirci (LB Hackney), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Peray Ahmet (LB Haringey), Cllr Claudia Webbe (LB Islington), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Alan Smith (LB Lewisham), Cllr Nick Draper (LB Merton - Deputy), Cllr Peter Buckwell (LB Richmond-upon-Thames), Cllr Ian Wingfield (LB Southwark), 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 Lynda Rice (LB Barking & Dagenham), Cllr Alex Sawyer (LB Bexley), Cllr Phil Jones (LB Camden), Cllr Amrit Mann (LB Hounslow), Cllr Martin Whelton (LB Merton), and Christopher Hayward (City of London).

3. Talk by Shirley Rodrigues, Deputy Mayor for Environment & Energy, GLA

Shirley Rodrigues introduced herself to TEC. She said that she had started her career at the City of Westminster, had previously worked at London Councils and now for the Mayor of London. Some of the following comments:

- Mayor will produce various strategies, including a "Spatial Development Plan" known as the London Plan (this will combine 6 or 7 other strategies that had previously been standalone). Boroughs would be consulted on these in spring 2017.
- Air quality would be included in transport policies – the Mayor had made clear that the environment would be included in all the other strategies.
- The TfL Business Plan was released today and included £800 million towards air quality and £700 million for cycling and walking.
- The Government had ratified the Paris Agreement on climate change. This aimed for net zero carbon emissions by 2050 and to keep any temperature rises below 2 degrees.
- The Mayor will introduce "Energy for Londoners" - a group of projects to promote energy efficiency and a look at programmes already existing, to see if they could be made more efficient. The Mayor was also looking at the current Renew and Refit programmes.

A Q and A session took place where members asked questions regarding recycling targets, energy and fuel emissions and green funding and waste.

4. Proposed TEC Revenue and Borough Charges 2017/18

The Committee considered a report that detailed the outline revenue budget proposals and the proposed indicative borough subscription and charges for 2017/18. These proposals were considered by the Executive Sub Committee under the Urgency Procedure. The Executive Sub Committee agreed to recommend that Committee approved these proposals.

The Committee approved the changes in individual levies and charges for 2017/18 as follows: **(a)** the Parking Core Administration Charge of £1,500 per borough and for TfL (2016/17 - £1,500; paragraph 37), **(b)** the total Parking Enforcement Service Charge of £0.4915 which would be distributed to boroughs and TfL in accordance with PCNs issued in 2015/16 (2016/17 - £0.4681 per PCN; paragraphs 35-36), **(c)** no charge to boroughs in respect of the Freedom Pass Administration Charge, which was covered by replacement Freedom Pass income (2016/17 – nil charge; paragraph 16), **(d)** the Taxicard Administration Charge to boroughs of £338,182 in total (2016/17 - £338,182; paragraphs 17-19), **(e)** no charge to boroughs in respect of the Lorry Control Administration Charge, which was fully covered by estimated PCN income (2016/17 – nil charge; paragraphs 20-21), **(f)** the Parking and Traffic Appeals Charge of £32.00 per appeal or £28.50 per appeal where electronic evidence was 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) (paragraph 28), **(g)** Congestion Charging Appeals – to be recovered on a full cost recovery basis under the new contract arrangements with the GLA (paragraph 29), **(h)** the TRACE (Electronic) Charge of £7.31 per transaction (2016/17 - £7.31; paragraphs 30-34), **(i)** the TRACE (Fax) Charge of £7.48 per transaction (2016/17 - £7.48; paragraphs 30-34), **(j)** the TEC¹ Charge of £0.17 per transaction (2016/17 - £0.17; paragraphs 30-34), **(k)** the provisional gross revenue expenditure of £369.075 million for 2017/18, as detailed in Appendix A, **(l)** on the basis of the agreement of the above proposed charges, the provisional gross revenue income budget of £368.447 million for 2017/18, with a recommended transfer of £628,000 from uncommitted Committee reserves to produce a balanced budget, as shown in Appendix B; and **(m)** from proposed reserves of £628,000, a provisional sum of £10,000 be repatriated to each borough (and TfL) from TEC uncommitted reserves, amounting to £340,000 in total, in the form of a repayment, as per paragraph 52.

The Committee was also asked to note: **(i)** the reduction of £9.407 million or 2.64% in the Freedom Pass settlement for 2017/18; the first time an annual budget reduction had been delivered, **(ii)** the current position on reserves, as set out in paragraphs 51-55 and Table 9 of this report and agree on the preferred option(s) for reducing uncommitted reserves towards the agreed benchmark level of between 10%-15% of operating and trading expenditure, as specifically highlighted in paragraphs 54-55; and **(iii)** the estimated total charges to individual boroughs for 2017/18, as set out in Appendix C.1.

5. Concessionary Fares Settlement and Apportionment 2017/18

The Committee received a report that informed members of the outcome of negotiations with transport operators (Transport for London (TfL), the Association of Train Operating Companies (ATOC) and independent bus operators) regarding compensation for carrying concessionary passengers in 2017/18. The report also sought member approval to the proposed settlement and apportionment.

The Committee: **(i)** agreed the TfL settlement of £324.181million for 2017/18, **(ii)** agreed to the ATOC settlement of £18.872 million for 2017/18, **(iii)** agreed a budget for non-TfL bus services of £1.7 million, **(iv)** agreed the reissue budget for 2017/18 of £1.518 million, **(v)** agreed the borough payments for 2017/18 of £346.271 million, **(vi)** agreed the payment profile and dates on which boroughs' contributions are paid as 8 June 2017, 7 September 2017, 7 December 2017 and 8 March 2018; and **(vii)** agreed the 2017-2018 London Service Permit (LSP) bus operators (non-TfL buses) Concessionary Scheme.

¹ The system that allows boroughs to register any unpaid parking tickets with the Traffic Enforcement Centre and apply for bailiff's warrants.

6. Delivery “Partnership” for Residential and Car Club Electric Charge Points

The Committee received a report on the delivery “Partnership” for residential and car club electric charge points.

The Committee: **(i)** noted the on the Go Ultra Low City Scheme – Delivery “Partnership” for Residential and Car Club Electric Charge Points, and **(ii)** agreed to engage with relevant officers in their appointing authorities to seek prompt, constructive local authority engagement with the consultation which was planned (see paragraph 12).

7. Chair’s Report

The Committee considered a report that updated members on transport and environment policy since the last TEC meeting on 13 October 2016, and provided a forward look until the next meeting on 23 March 2017.

The Committee: **(i)** noted that Alex Williams to let Cllr Usher know whether the Northern Line extension will be part of the 24 hour Tube, and **(ii)** noted the Chair’s report.

8. Mayor’s Second Air Quality Consultation Report

The Committee received a report that provided members with a draft London Councils’ response to the second phase of the Mayor’s air consultation and asked for members’ comments and sign off, so that London Councils could submit it to the Mayor by 18 December 2016.

The Committee: **(i)** noted that LB Bromley did not want to be part of an expanded ULEZ, **(ii)** noted that the draft consultation response needed to be more explicit as to whether London Councils supported the inclusion of the north/south circular as part of the ULEZ boundary, **(iii)** noted that some boroughs felt that some form of Government scrappage scheme was needed for older polluting vehicles, **(iv)** noted that LB Waltham Forest could not support the consultation response unless the A406 was incorporated in the ULEZ, **(v)** agreed that London Councils should look more closely at the proposed exemptions for older vehicles and whether they were appropriate, **(vi)** agreed that the consultation response should include a two-phase approach giving support for an expanded ULEZ to the north/south circular in the first phase and then an expanded zone beyond this in a second phase, **(vii)** agree to look into accessing the data held on vehicles by the DVLA, **(viii)** noted that the current sunset period (6-7 years) was too long; and **(ix)** noted that members had until 18 December to contribute to the consultation.

9. A Direct Vision Standard for Heavy Goods Vehicles

The Committee considered a report that outlined Transport for London’s (TfL) work on a Direct Vision Standard (DVS) for Heavy Goods Vehicles (HGVs) in London, which was launched by the Mayor of London on 30 September 2016. The Mayor set out how the DVS used a zero to five star rating system that rates HGVs based on how much a driver could actually see directly from the cab without using cameras or mirrors.

The Committee: **(i)** members noted the creation of a Direct Vision Standard for HGVs and its contribution towards safer roads in London, and **(ii)** endorsed the Mayor’s general proposals to work towards a London-wide ban or restrictions on unsafe, “zero-star DVS rated” HGVs in 2020 (subject to the outcome of further research and consultation and further consideration of appropriate implementation measures).

10. Taxicard Update

The Committee received a report that informed members of the final Taxicard spend for 2015/16 and the projected budget outturn for 2016/17. The report also updated members on proposals which were being explored for greater coordination between the Taxicard and Dial-a-Ride schemes, and requested authority to extend the existing service contract for a further 18 months (subject to the contractor’s agreement) to allow sufficient time to undertake the new procurement.

The Committee: **(i)** noted the final Taxicard spend for 2015/16 and the projected outturn for 2016/17, and **(ii)** noted the update on the work being undertaken to explore with TfL the potential for greater co-ordination in a future re-procurement and delivery of London Councils’ Taxicard service and TfL’s Dial-a-Ride service, such matters to be reported back in due course for decision, **(iii)** commented on the approach and the indicative timetable outlined in the report, **(iv)** resolved to extend the Taxicard contract for a further year until March 2018 as permitted under clause 3.4 of the existing contract with the

provider, and (v) resolved to delegate authority to officers to negotiate and agree an additional extension to the contract of six months beyond the maximum permitted in the existing contract.

11. Traffic Signals Budget 2017/18

The Committee received a report that set out the cost to boroughs of maintaining traffic signals in London in 2017/18.

The Committee: (i) noted that Councillor Coleridge would like to see a more detailed breakdown of the costs for traffic signals in London, (ii) provisionally agreed the cost to boroughs for maintaining traffic signals in London in 2017/18, which was £11,377,024.49, (iii) agreed that this cost was apportioned between boroughs, as shown in the attached table at Appendix 1, and (iv) agreed that TfL officers that dealt with traffic signals would attend a future TEC meeting to discuss how the traffic signals budget was put together.

12. Additional Parking Charges

The Committee considered a report that detailed the proposals by the London Borough of Enfield to amend the penalty charge banding from Band B to Band A across the borough.

The Committee: (i) agreed to change the penalty banding in LB Enfield from Band B to Band A, and (ii) noted the proposed implementation date for the change of 1 April 2017.

13. Code of Practice on Civil Parking Enforcement (Part 1)

The Committee received a report that contained a revised Code of Practice and Civil Parking Enforcement (Part 1).

The Committee: (i) agreed that Spencer Palmer would circulate to TEC members details of the Private Members' Bill, supported by the Government, to amend the Road Traffic Regulation Act (1984), that would mean local authorities would need to consult formally if they wanted to increase the cost of parking charges, (ii) noted the contents of the revised Part 1 of the Code of Practice and agreed that it should replace Part 1 of the existing Code, and (iii) recommended the adoption of Part 1 of the Code of Practice by all London authorities that carried out civil parking enforcement of parking regulations.

14. London Lorry Control Scheme Review

The Committee received and noted a report that provided members with an update on the progress of the review of the London Lorry Control Scheme (LLCS).

15. Re-Appointment of Environment and Traffic Adjudicators

The Committee considered a report that proposed the re-appointment of two environment and traffic adjudicators.

The Committee recommended that the following adjudicators be re-appointed for a period of 5 years from 6 December 2016: Christopher Rayner and Belinda Pearce (Joanne Oxlade was re-appointed via the TEC Urgency Procedure).

16. Items Considered under the Urgency Procedure

The Committee received and noted the following report that was sent to TEC Elected Officers on 10 November 2016: **Appendix 1:** Draft Revenue Budget and Borough Charges 2016 (including Appendices A, B, C1 and C2, D and E).

17. Minutes of the TEC Main Meeting held on 13 October 2016

The minutes of the TEC Main meeting held on 13 October 2016 were agreed as an accurate record.

The meeting finished at 16:20pm

**Minutes of the Meeting of the Executive
Tuesday 17 January 2017 9:30am**

Cllr Claire Kober OBE was in the chair

Present

Member	Position
Cllr Claire Kober OBE	Chair
Cllr Teresa O'Neill OBE	Vice chair
Mr Mark Boleat	Vice chair
Cllr Ruth Dombey OBE	Vice chair
Mayor Sir Steve Bullock	
Cllr Ray Puddifoot MBE	
Cllr Julian Bell	
Cllr Kevin Davis	
Cllr Lib Peck	
Cllr Darren Rodwell	

In attendance: London Councils officers and Mr John Barradell (City of London Chief Executive) in his capacity as Chair of the London Resilience Local Authorities' Panel.

1. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Peter John OBE.

2. Declaration of interest

No interests were declared.

3. Minutes of the Executive Meeting held on 13 September 2016

The minutes of the Executive meeting held on 13 September 2016 were agreed.

4. Resilience and Emergency Preparedness Review

The Chair invited Mr John Barradell, Chair of the London Resilience Local Authorities' Panel to introduce the report. He did as follows:

- Resilience arrangements in London were put in place before the 7/7 attacks and have been updated after every significant exercise since
- The report outlined proposals for strengthening London's emergency planning arrangements, following a review commissioned by the London Resilience Local Authorities Panel early in 2016.
- The Panel was keen to build on the foundation of lessons learned during the major multi-agency 'Exercise Unified Response'
- The report also took account of the issues raised in Lord Toby Harris' subsequent review of London's preparedness for a major terrorist attack, commissioned by the Mayor of London in May 2016, which focused on a Marauding Terrorist Firearms Attack
- The report looks at how different parts of local government are affected, such as Housing.

Cllr Teresa O'Neill drew attention to recommendation 72:

Local authorities should be prioritising an effective functioning CCTV network for the detection and prevention of terrorist (or indeed criminal) activity across the Capital in the interests of public safety. The level and functionality of CCTV provision should be kept under review by the Mayor's office.

She said that the previous mayoral administration had initiated a discussion of pan-London CCTV with the aim of emulating best practice in other major cities. She said that most of the CCTV in London was TfL's and the Mayor needed to combine it with boroughs to produce a comprehensive approach.

The Head of Strategic Policy reported that London Councils had reviewed provision in boroughs and MOPAC (Mayor's Office for Policing and Crime) had set up a CCTV Task Force which was meeting on the following day and a strategy was under consideration.

The Executive agreed to:

- Note the report

- Approve the approach recommended by the Local Authority Panel for strengthening resilience and emergency preparedness across London's local authorities
- Bring a report to Leaders' Committee in February to enable all Leaders to consider the issues raised by the reviews alongside the proposed improvement measures.

5. National Funding Formula for schools – stage 2

The Head of Children's Services introduced the report saying:

- The government had published the second phase of its consultation on the introduction of a National Funding Formula for Schools in December 2016, which had included details of school and local authority level allocations across the country.

Whilst London had fared better than previously indicated - largely due to the £400m extra funding announced by government and a 3% cap on overall reductions for each school - 70% of London's schools would still face a reduction as a result of the introduction of the NFF and each London borough had at least one school affected by these cuts. London was the worst hit region in the country.

- These reductions would be felt keenly in the current financial climate. The NAO had recently shown that schools across the country would face 8% additional unfunded costs by 2020 so that, even in schools that gained through the NFF, they would lose funding overall.
- Lobbying would continue and businesses, head teachers and MPs would be briefed over the course of the consultation period. An APPG (All-Party Parliamentary Group) meeting on school funding was scheduled for 7th February and a further report would go to Leaders' Committee in February.
- Cllr Peter John OBE Executive member for business, skills and Brexit and Cllr David Simmonds CBE, his Conservative shadow, met Nick Gibb MP, Minister of State for

Schools, on the previous Wednesday to make the case for protecting schools' budgets fully from the NFF. Cllr Kober also met with the minister on 16th January. The minister was quite open to London Councils' views but was keen to stress that the Department had shifted considerably to give London a better funding settlement and this needed to be recognised in London Councils' consultation response.

The Chair believed that London needed to make a case around trying to ensure no detriment to individual schools and to build upon both London performance and the clear concern being expressed by parents in seeking to change the approach being taken by Government.

Cllr Ray Puddifoot MBE called on London Councils to try to ensure that Schools Forums were made aware that reductions in school funding were as a result of these national decisions. He went on to argue that given the direction of travel on funding and powers, the role of local authorities in retaining responsibility for school places would be called into question.

Cllr Teresa O'Neill raised an issue concerning Schools Forums. She said she would be grateful for guidance on her understanding which was that the Schools Forum had to agree two funding streams from the Dedicated Schools Grant:

- First, "Retained duties" which the local authority has for the whole school sector (dependent on the local offer that could include School Improvement, Statutory & Regulatory Duties, Education Welfare Service, Asset Management, etc.)
- Second, ESG (Education Services Grant) for maintained schools

On the first point it was clear that the Schools Forum needed to make a formal decision whether to approve but it was not clear what would happen if schools refused to approve the expenditure.

For the second point above the local authority could retain some of the schools block funding to cover the statutory duties they carried out for maintained schools (which was previously funded through ESG) by setting a simple per pupil rate for mainstream schools (a differential rate could be applied for special schools & pupil referral units). Although the amount to be top sliced must be approved by the maintained schools

members of Schools Forum, in the event of failure to reach agreement the adjudication process was with the Secretary of State.

The Head of Children's Services said she would clarify matters with her outside of the meeting.

Cllr Ruth Dombey OBE argued that London had a good story to tell and its success over the past five or ten years was a case study in what could be achieved with investment in schools even in some of the most deprived areas in the country.

Cllr Kevin Davis said that overspending the DSG (Dedicated Schools Grant) would be an increasing problem for many boroughs.

The Chair concluded by saying:

- She noted ministerial enthusiasm for multi-academy trusts, but many were small and were not likely to be a complete answer.
- That she agreed with Cllr Puddifoot's concern about councils being wrongly blamed for the shortcomings of the education system without sufficient power to influence this. She felt that we should be campaigning to retain powers for local authorities, both by soft and hard power.

The Executive agreed:

- The position that London Councils' Leaders' Committee agreed in March 2016 - to ensure that fairer funding through a NFF should not result in a reduction in funding for London's children – was still applicable in relation to the NFF as set out in the second stage of the consultation.
- That London Councils draft a response to the NFF that made the case for continued investment in London's schools, taking into account current pressures in the system. The response would draw on the wider context of budgetary reductions as identified by the NAO (National Audit Office) report and focus on the impact that any reduction could have on school standards across the capital.

- That London Councils continue to work with head teachers, MPs and businesses to inform them of the risk to the standards of education in London and financial viability of London's schools.
- The deadline for consultation responses is 22 March and a report will go to Leaders' Committee to seek support for a collective position on school funding.

6. Provisional Local Government Finance Settlement 2017-18

The Chief Executive introduced the item saying it outlined the main headlines from the provisional settlement for London local government, including changes to flexibility to raise the Social Care Precept, the new Adult Social Care Support Grant funded by a cut to New Homes Bonus and changes to the business rates retention scheme resulting from the 2017 Revaluation. London Councils response had already been cleared and submitted and this report offered the opportunity for the Executive to discuss it further if they chose to.

The Executive agreed to note the report.

7. Policy Developments: Devolution and Public Service Reform

The Chief Executive introduced the report saying it provided an update on London Councils' work on two areas of devolution:

- Health devolution
- Devolution of the Work and Health Programme

On Health Devolution he reported discussions since the Leaders' Committee report in December involving London Councils' Chair, the Health portfolio-holder (Cllr Kevin Davis) and our other nominees on the London Health Board (Cllr. Hayward and Cllr. Watts). The Memorandum of Understanding (MoU) was being worked towards with national partners and was likely to be ready for sign-off in the next couple of weeks.

On the Work and Health Programme (Employment Support), after the success of securing the devolution of the Work and Health programme to London (announced in the Autumn Statement) discussions had continued with the Department for Work and Pensions (DWP) on a joint approach. The Chair pointed out that she had met the Mayor on the previous Friday and had discussed the importance of getting some dates and a Congress meeting in diaries.

At the last meeting of the MDG (Member Devolution Group), it had been agreed that London's narrative needed to be more strongly rooted in the emerging Government emphasis on a place-based industrial strategy. A date was currently being sought for a further meeting of the MDG to begin to consider some of the broader governance issues flowing from devolution. The Chair pointed out that she had met the Mayor on the previous Friday and had discussed the importance of getting some dates and a Congress meeting in diaries.

Cllr. Darren Rodwell expressed his concern about Sustainability and Transformation Plans in his area.

The Executive agreed to note the report.

8. Nominations to Outside Bodies

The Executive agreed to note the following appointments:

Cllr Fiona Colley (Southwark) to the LFEPA

Cllr Denise Hyland (Greenwich) to the London Regional Council of the Arts Council England

Cllr Nick Draper (Merton) to the LVRPA

Heathrow Airport Consultative Committee (HACC)

Cllr Steve Curran (LB Hounslow)

Deputy - Cllr Tim Coleridge (RB Kensington & Chelsea)

Thames Regional Flood & Coastal Committee (RFCC)

West – Cllr Dean Cohen (LB Barnet)

South West – Cllr Nick Draper (LB Merton)

South East – Cllr Alan Smith (LB Lewisham)

North East – Cllr Lynda Rice (LB Barking & Dagenham *(post meeting note)*)

Central North – Cllr Tim Coleridge (RB Kensington & Chelsea)

Central South – Cllr Jenny Brathwaite (LB Lambeth)
North – Cllr Daniel Anderson (LB Enfield)

London Sustainable Development Commission
Cllr Claudia Webbe (LB Islington)

Urban Design London (UDL)
Cllr Daniel Moylan (RB Kensington & Chelsea)
Cllr Nigel Haselden (LB Lambeth)

London Waterways Commission
Cllr James Beckles (LB Newham)
Cllr Lynda Rice (LB Barking & Dagenham)
Cllr Terry Paton (RB Kingston)

Thames River Basin District Liaison Panel (Thames LP)
Cllr Alan Smith (LB Lewisham)

London Waste & Recycling Board
Cllr Feryal Demirci (LB Hackney)
Cllr Ian Wingfield (LB Southwark)
Cllr Bassam Mahfouz (LB Ealing)
Cllr Nicholas Paget-Brown (RB Kensington & Chelsea)

London Cycling Campaign (LCC)
Cllr Feryal Demirci (LB Hackney)

9. Month 6 Revenue Forecast 2016/17

The Director of Corporate Resources introduced the item saying that the headline figures had been in the budget paper that went to Leaders' Committee in December. For audit purposes the figures also needed to go to the Executive. They would have gone in November only that meeting was cancelled.

The Executive agreed to note:

- The overall forecast surplus as at 30th September 2016 (Month 6) of £1.758 million and
- The position on reserves as detailed in the report.

10. Audited Accounts 2015/16

The Director of Corporate Resources introduced this item with a similar caveat to the previous item, that it came to the Executive as an audit requirement. It represented the final piece in the jigsaw of the 2015/16 accounts.

The Executive agreed to:

- Note that there was no significant change to the pre-audited financial outturn for 2015/16 for each of London Councils' three committees and
- Formally adopt each of the three statutory accounts attached as appendices to the report.

11. Report of decision taken under the Urgency Procedure

The Executive agreed to note the decision taken under the urgency procedure to agree the London Councils submission to the Cities Growth Commission.

Action points

Item	Action	Progress
4. Resilience and Emergency Preparedness Review <ul style="list-style-type: none">• A report to go to Leaders' Committee in February.	Strategic Policy and CG	Report drafted for Leaders' Committee in February 2017.
5. National Funding Formula for schools – stage 2 <ul style="list-style-type: none">• A response to the NFF to be submitted that made the case for continued investment in London's schools, taking into account current pressures in the system. The response to draw on the wider context of budgetary reductions as identified by the NAO (National Audit Office) report and focus on the impact that any reduction could have on school standards across the capital.	PAPA Children's Services	Report going to Leaders' Committee in February 2017

The meeting ended at 10:30