

Leaders' Committee

21 March 2017 – 11:30 am

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

Refreshments will be provided

London Councils offices are wheelchair accessible

Labour Group: Room 2 and 3 9:30

Political Adviser: 07977 401955)

Conservative Group: Room 5 9:30

(Political Adviser: 07903 492195)

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Lunch will be provided in Room 4 for members after the meeting

NB – Leaders will follow the Congress of Leaders at 10.30. Party Group meetings are starting earlier at 9:30

Agenda item	Page
1. Apologies for absence and Announcement of Deputies	
2. Declarations of Interest*	
3. Minutes of the Leaders' Committee held on 7 February 2017	1
4. Local Government Finance update: Spring Budget 2017 and 100% Business Rate Retention	11
5. Transforming Health and Care through Devolution	27
6. The Housing White Paper	39
7. London Councils Challenge – utilising the contributions of London local government more broadly	51
8. Minutes and summaries :-	65
• Pensions – 8 February 2017	
• TEC Executive – 9 February 2017	
• GLEF – 9 February 2017	
• Executive – 28 February 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 Chairman to move the removal of the press and public since the following items are exempt from the Access to Information Regulations. Local Government Act 1972 Schedule 12(a) (as amended) Section 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Agenda item	Page
E1 Minutes and summaries:-	
• Exempt part of Pensions – 8 th February	1

London Councils

Minutes of the London Councils Leaders' Committee held on 7 February 2017
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 Sarah Hayward
Cllr Tony Newman
Cllr Julian Bell
Cllr Doug Taylor
Cllr Denise Hyland
Mayor Philip Glanville
-
Cllr Claire Kober
-
Cllr Roger Ramsey
Cllr Ray Puddifoot MBE
Cllr Steve Curran
Cllr Richard Watts
Cllr Nicholas Paget-Brown
Cllr Kevin Davis
-
Mayor Sir Steve Bullock
Cllr Stephen Alambritis
Cllr Ken Clarke
-
Cllr Lord True
Cllr Stephanie Cryan
Cllr Ruth Dombey OBE
Mayor John Biggs
Cllr Clyde Loakes
Cllr James Madden
Cllr Nicky Aiken
Mr Mark Boleat
-

Apologies:

BRENT
BROMLEY
HAMMERSMITH & FULHAM
LAMBETH
NEWHAM
REDBRIDGE
SOUTHWARK
WALTHAM FOREST
WANDSWORTH
Capital Ambition Board

Cllr M. A. Butt
Cllr Stephen Carr
Cllr Stephen Cowan
Cllr Lib Peck
Mayor Sir Robin Wales
Cllr Jas Athwal
Cllr Peter John OBE
Cllr Chris Robbins
Cllr Ravi Govindia
Mr Edward Lord OBE JP

Lord Kerslake, the non-executive chair of the London CIV and officers of London Councils and London CIV were in attendance.

The Chair began the meeting by congratulating Cllr Nicky Aiken on her election as Leader of Westminster City Council and welcoming to her first meeting of Leaders' Committee.

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 6 December 2016

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 6 December 2016.

4. London CIV update

The Chair invited Lord Kerslake to introduce the item. He did so as follows:

- The report represented an important stage in the development of the CIV in that it contained the budget for next year and a five-year financial strategy to build the fund which would be presented to the Pensions CIV sectoral joint committee on the following day
- The previous year had been a good year, achieving £2.4m of savings and the London CIV had been ahead of the rest of the country in the progress it was making
- There was a need, however, to rethink the strategy on how to grow the fund. More up-front resources would be needed in order to secure the sort of benefits that member authorities aspired to

Cllr Richard Cornelius (Conservative, Barnet) and Cllr Nick Paget-Brown (Conservative, Kensington and Chelsea) raised concerns about making the scheme mandatory and Lord

Kerslake replied by referring to the direction of Government policy in this area. A fine balance needed to be struck; the fund needed to be grown at a reasonable pace while recognising different boroughs had different priorities. There was a danger if voluntary progress was too slow the Government may activate the mandatory elements.

Cllr James Madden (Conservative, Wandsworth) raised the issue of voting on the CIV now that his borough, Wandsworth, had entered into new arrangements with Richmond. Lord Kerslake replied that discussions with the two boroughs were underway to resolve the question.

Leaders' Committee agreed 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 Terms of Reference (attached to the report) 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.

5. National Funding Formula for Schools – stage 2

The Chair introduced the item saying:

- The Government had published the second phase of its consultation on the introduction of a National Funding Formula (NFF) for Schools in December 2016, which included details of school and local authority level allocations across the country
- Whilst London had fared better than had been feared following earlier consultation - largely due to £400m extra funding over two years announced and a 3% cap on overall reductions for each school - 70% of London's schools still faced 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.

- In addition, the NAO had recently identified that schools across the country would face 8% additional unfunded costs by 2020. This meant that, even in schools that gained through the NFF, they would lose funding overall
- It was proposed in the report that London Councils should continue to campaign to protect school funding in London. It would cost the government £335 million per annum (1% increase in the schools block budget) to provide for every school set to gain funding as a result of the final formula allocation to do so, without the need to redistribute any funding away from other schools
- The report set out a range of ways that London Councils was seeking to influence this debate, starting from the proposition that London had achieved so much over the past 15 years that it should not be casually discarded by disinvestment now
- In January, Cllr Peter John OBE and Cllr David Simmonds CBE met Nick Gibb MP, Minister of State for Schools, to make the case for protecting school budgets fully from the NFF
- London Councils planned to continue to lobby Government hard on this issue and were involved in working with other interest groups, including parents, business and Head Teachers as well as seeking to gain coverage of the issue in the media. The London APPG was meeting that afternoon to discuss the issue and some significant media attendance was expected.

Cllr Ray Puiddifoot MBE (Conservative, Adult Social Care, Hillingdon) asked for paragraph 30 to be redrafted and Leaders' Committee agreed. This is reflected below.

Cllr Kevin Davis (Conservative, Kingston) pointed out that although his borough was a net beneficiary overall under NFF, it was one of a number of boroughs that was overspent on its DSG and that the case for these boroughs on this matter should also be made at this stage.

Cllr Julian Bell (Labour, TEC, Ealing) pointed out that his borough was also a net gainer overall but that the Apprenticeship Levy put a strain on schools' budgets. It was not right that maintained schools should have to pay the levy but Academies did not. The LGA was lobbying against the distinction, as Cllr Richard Watts (Labour, Islington) confirmed as the LGA lead on Children's Services. Members agreed that London Councils should also lobby against moves such as this to try to make schools become Academies.

The Chair concluded by saying that she had written a joint letter on the issue with the Chair of the Core Cities group as she was anxious to present a broader coalition on this topic and not present a picture of London exceptionalism.

Leaders' Committee agreed to go forward on the basis of the case set out in paragraphs 27 – 33 of the report (while reconsidering the wording of paragraph 30), viz:

27. The Executive had 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 had 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 – was 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 was proposed that London Councils draft a response to the NFF that made the case for additional funding so that the NFF could be implemented without taking money away from any school. This response would take into account how much London had 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 would also encourage all key stakeholders to submit their own responses to the consultation. It was intended that London Councils' response would be informed by the insights from the borough children's services finance leads network, which would be meeting at London Councils on 22 February. The deadline for consultation responses was 22 March.
32. As part of a comprehensive campaign, London Councils planned 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 planned to tap into the numerous parent groups that had been set up in recent years to encourage them to respond to the consultation. Further media and public affairs opportunities would also be sought.

33. The Mayor of London had offered his support with London Councils' campaign and there was potential for joint media activity towards the end of the consultation period to highlight the importance of investing in London's schools.

6. Resilience and Emergency Preparedness Review

The Chief Executive introduced the item saying:

- There were 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 2006. The arrangements were subsequently enhanced to encompass mutual aid agreements, with the approval of Leaders' Committee in 2010
- This London-wide work was overseen by the London Resilience Forum Local Authorities' Panel (LAP), which included the lead borough Chief Executives for each sub-regional Local Resilience Forum. The Panel was chaired by John Barradell, Town Clerk and Chief Executive of the City of London
- The Local Authorities' Panel had 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 faced. The Panel wanted to build on the foundation of lessons learned during the major multi-agency 'Exercise Unified Response'
- The review set out a series of recommendations which were designed to ensure that local authorities could continue to provide strong emergency planning services that delivered individual and collective leadership on resilience into the 2020s
- The review acknowledged the strain placed on authority resilience functions and went on to set out the recommendations which were listed in an appendix to the report and summarised in the bullet points below. These recommendations aimed 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 would 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 had ready access to high quality corporate advice and support in their localities
- The Mayor of London had also commissioned Lord Harris to review London's preparedness to deal with a marauding firearms attack. The recommendations of that review as they were directed to local authorities had been considered by the Chair of LAP and he had responded to the Mayor.

Leaders' Committee agreed to approve the approach recommended by the Local Authority Panel, and endorsed by the London Councils Executive also, for strengthening resilience and emergency preparedness across London's local authorities.

7. Devolution and Public Service Reform

The Chief Executive introduced the item saying:

- It reported on London government's work on devolution and reform – including updates on current negotiations with Government in relation to:
 - Health devolution. Discussions were close to agreeing the final version of a Memorandum of Understanding as discussed by Leaders' Committee in December
 - Devolution of the Work and Health Programme, which had been agreed with a commitment to funding devolution to sub-regions and the potential for them to acquire ESF co-financing status
 - Fiscal devolution. The second report of the London Finance Commission had been published on 27 January.
- The paper also provided an update in relation to wider devolution issues

- The Member Devolution Group (MDG) had also asked for more granular, place-based contributions to be gathered from boroughs and groups of boroughs to inform a response to the industrial strategy consultation and inform discussions with the Mayor.

Cllr Teresa O'Neill OBE (Conservative, Bexley) made clear her position that the governance of devolution arrangements had to be a partnership between the Mayor and borough Leaders and expressed her concern about the dearth of meetings of the Congress of Mayor and borough Leaders.

The Chair replied that a Congress meeting had been fixed on the day of the March Leaders' Committee and Cllr Puddifoot argued that we should not accept only a single Congress meeting a year.

Cllr Stephanie Cryan (Labour, Southwark) argued the importance of the active involvement of borough leaders in the Work and Health programme, given their knowledge of how the potential benefits could best be secured.

Mayor John Biggs made a point about the relationship of devolution of budgets and the control of schools which was a concern in his borough. The Chair replied that she agreed that facilitating effective schools was important for the economic wellbeing of a borough and the wider point had been made as part of a recent consultation.

Leaders' Committee agreed to note the report.

8. Review of Scale of Election Fees for 2017/18

The Chief Executive introduced the report saying that it was an advisory report that came to Leaders' Committee each year. It followed the usual practice of recommending an increase in line with the local government pay award but with no increase in the fees for returning officers and deputy returning officers.

Cllr Richard Cornelius (Conservative, Barnet) reiterated his long-standing objection to chief executives who were also returning officers being paid twice for what, effectively he considered to be the same time and urged Leaders to place a requirement for chief

executives to take leave of absence when managing elections as part of their contracts of employment.

Leaders' Committee agreed to note the report and approve the proposed scale of fees and expenses, as outlined in an appendix to the report, as guidance for the London boroughs, with effect from 1 April 2017.

9. London Councils Challenge

The Chair introduced the item recounting a number of discussions between Leaders and with the Executive including at an away-day session about London Councils response to the Challenge report. The report drew together the work in hand to respond to the range of recommendations made by the Challenge team.

Leaders' Committee agreed to note the report

10. Minutes and summaries

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

- 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 agreed to remove the press and public.

The meeting ended at 13:20.

Action points

Item		Action	Progress
4.	London CIV update <ul style="list-style-type: none"> Commission a governance review 	CIV	In progress
5.	National Funding Formula for Schools – stage 2 <ul style="list-style-type: none"> London Councils to lobby against maintained schools being obliged to pay the Apprenticeship Levy while Academies do not 	PAPA Children's services/ Comms	London Councils' consultation response on the NFF will include lines on this point and we are considering further lobbying work in this area.

Leaders' Committee

Local Government Finance update: Spring Budget 2017 and 100% Business Rates Retention

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

Date: 21 March 2017

Contact Officer: Paul Honeyben

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Summary This report provides an update to Leaders' Committee on the key announcements in the Spring Budget 2017 that impact on London local government. These are set out in greater detail in the member briefing at Appendix A.

The report also updates Leaders' Committee on the progress towards 100% business rates retention and London Government's response to the reforms.

Recommendations Leaders' Committee is asked to note and discuss:

- the key announcements in the Budget that relate to London local government; and
- the progress being made on a London pilot pool for 2018-19 that will require a decision by the autumn.

Local Government Finance update

Introduction

1. On 8 March 2017, the Chancellor Philip Hammond delivered his first Budget, taking tax and expenditure decisions for the financial year ahead. As announced in Autumn Statement 2016, this is the final Budget to be held in the spring. The Budget will be held in the autumn from this year, with a “spring statement” updating on the latest economic forecasts following in March 2018.
2. London Councils has published a member briefing (appended to this report) setting out in detail the key announcements in the Budget that impact on London local government. At this stage, it is too early to confirm what the exact impact on local government will be and more detail is likely to emerge over time.

Spring Budget 2017

3. The Spring Budget included some announcements relating to devolution to London government, adult social care funding and business rates, while there were relatively few new policy announcements in other areas.

Devolution to London

4. The Budget includes detail of the Memorandum of Understanding on further devolution to London¹. This covers development and funding infrastructure; business rates; transport; criminal justice, health; skills; and employment support.

Social care funding

5. An additional £2 billion of funding will be made available to local government in England over the next 3 years (£1 billion in 2017-18; £674 million in 2018-19; and £337 million in 2019-20). Final allocations are expected to have been published by the time Leaders' Committee meets but, at the time of writing, London local government will receive £316 million of the £2 billion. This appears to be “new money” although this is difficult to verify from the departmental expenditure limits that have been published in the Budget.
6. London Councils understands that 90% of the new funding will be distributed using the same methodology as the Improved Better Care Fund (which takes into account councils' relative ability to raise funding from the social care precept – assuming all eligible

¹<https://www.gov.uk/government/publications/memorandum-of-understanding-on-further-devolution-to-london>

authorities will raise by 2% per annum), with the remaining 10% using the Adult Social Care Relative Needs Formula. Funding is likely to be a ring-fenced specific grant.

7. The Chancellor's speech suggested the funding crisis is not simply a financial issue but a performance one – specifically referring to the fact that 24 council areas were responsible for over half of delayed discharges from hospitals due to a lack of social care support. The funding will, therefore, be supplemented with “targeted measures” to help ensure that those areas facing the greatest challenges make rapid improvement, particularly in reducing delayed transfers of care between NHS and social care services. Further detail is expected to be published in due course.
8. In addition, the government has listened to the vocal lobbying by the sector, which has called for a fundamental review of the social care system, and will publish a Green Paper by the end of 2017 focusing on long-term sustainability of the sector.
9. To help improve capacity within Accident and Emergency departments, an additional £425 million will be made available for local NHS services and A&E improvement and an as well as additional £100 million of capital investment. In relation to Sustainability and Transformation Plans, the government will invest £325 million over the next three years to support the local proposals for capital investment where there is the strongest case to deliver real improvements for patients and to ensure a sustainable financial position for the health service. A further round of proposals will be considered in the autumn and tested for value for money. NHS areas will be encouraged to raise proceeds from unused land and reinvest in the health service.

Business rates

10. In response to vocal lobbying from the business sector, the Budget found additional transitional funding to help small companies facing the largest increases worth £115 million nationally and an estimated £52 million for London businesses over 5 years.
11. In addition, a new discretionary relief was created to provide support to individual hardship cases in local areas worth £180 million in 2017-18 and £305 million over 5 years nationally. This will be allocated by formula with details to be set out in due course. Councils will have discretion over how this is allocated, however the announcement may raise unrealistic expectations amongst local businesses.
12. A third, more specific, relief was announced for public houses with a rateable value of up to £100,000 that will each receive a discount of £1,000 for one year from 1 April 2017.

This will cost £25 million nationally in 2017-18 (London Councils estimates that around 8% of this will relate to London). Local government will be fully compensated for the loss of income as a result of these measures (total cost of £445 million nationally over 5 years).

13. The government also committed to setting out its preferred approach for delivering its aim to deliver more frequent revaluations of properties at least every 3 years in “due course” and to consulting ahead of the next revaluation in 2022. This will be too late for the start of the 100% retention system, but may give further opportunity for London government to lobby regarding the adequacy of the valuation system that continues to focus more and more of the national rates take on central London.
14. More significantly, in relation to the reforms towards 100% business rates retention, the London devolution MoU states: “The government will explore options for granting London government greater powers and flexibilities over the administration of business rates. This includes supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed” (further details are set out in paragraphs 17 to 31 below).

Schools funding

15. As part of the government’s plan to raise productivity, the Budget announced policies to transform technical education for 16-19 year olds, creating sector-specific routes to employment, supported by an increase in the number of hours of learning of over 50%, and including a high quality work placement for each student government and maintenance loans for students pursuing technical education at higher levels. The government will extend the free schools programme with investment of £320 million in this Parliament to help fund up to 140 schools including independent-led, faith, selective, university-led and specialist maths schools. A further £216 million of investment in school maintenance to improve the condition of the school estate was also announced.

Efficiency review

16. No additional detail was set out in relation to the government’s efficiency review that aims to find £3.5 billion of efficiency savings from departmental budgets in 2019-20. The Chancellor has asked departments to look at between 3% and 6% cuts to their departmental budget in 2019-20. It is, therefore, not known how this will impact on local government and the four year funding offer; however, the Chancellor has intimated that any efficiency savings made within local government will be directed to fund adult social care, which suggests local government will not contribute to the £3.5 billion total.

100% Business Rates Retention reforms

17. Government is piloting arrangements for 100% business rates retention ahead of full implementation in 2019-20. The Local Government Finance Settlement confirmed pilot arrangements in 6 areas for 2017-18, including Greater Manchester, Liverpool city region, the West Midlands, the West of England and Cornwall. In London, this is limited to the transfer of funding for TfL capital and Revenue Support Grant to the GLA's retained rates with its share of retained rates increasing from 20% to 37%, while funding for boroughs will be unaffected.
18. The government is responding positively to the joint London Government proposals for devolution of business rates. The Memorandum of Understanding on further devolution to London commits government to exploring options for granting London government greater powers and flexibilities over the administration of business rates including supporting the voluntary pooling of business rates in London, subject to appropriate governance structures being agreed. There appears to be a window for the boroughs to be included in, and help shape, a London pilot from 2018.

The London 2018-19 pilot

19. HMT and CLG see pooling as a precondition for a London pilot. A pool is where a group of authorities come together under the business rate retention scheme to aggregate their resources and be treated as a single entity under the scheme for the purposes of calculating tariffs, top-ups, levies and safety net. Under the 50% scheme, there are currently 29 pools containing 207 authorities. The main reason areas would wish to pool currently is to make a collective saving on levy that would otherwise be paid by tariff authorities, where they expect to grow. Pools overall tend to either be top-ups (in which case no levy would be paid) or small tariffs meaning only a small levy is paid on any growth. Each pool has its own governance arrangements and each has negotiated its own mechanism for redistributing levy savings and compensating authorities who would otherwise be in the safety net.
20. As with the pilots for 2017-18 (most of which are pools), a London pilot pool in 2018-19 would trial some elements of the new 100% system. These include, but may not be limited to:
 - Removing the levy on growth in tariff authorities. This is currently expected to be £29m in 2016-17 (£14m paid by the boroughs and £15m by the GLA) and around £78m in 2017-18 (£34m paid by the boroughs and £45m by the GLA). As with

existing pools, an agreed method for distributing any levy “saving” would be necessary.

- Providing early access to retaining 100% of growth in rates. The territory to be explored is how much of the additional growth that the pilot would unlock (the pool would retain 100%) would be retained locally and how much might be used collectively to invest strategically in pan-London projects that would, in turn, unlock further growth. A balance would have to be struck between individual and collective reward/opportunity.
- Rolling in existing grants, such as RSG, Improved Better Care Fund and Public Health Grant. These are the grants that the 2017-18 pilots will be rolling in that are relevant to London. CLG has indicated that only these and transport grants (that are already included in London) will be considered to be included in the 2018-19 pilots, however there may be opportunity to negotiate more.
- Having a preferential safety net threshold. In order to recognise the greater exposure to risk, the current pilots have an increased safety net threshold from 92.5% to 97% (i.e. overall business rates income would have to reduce by less before the support kicked in). In addition, CLG is willing to underwrite the risk in a downturn of income for pilot areas which have a collective “no-detriment” clause that would ensure that London (i.e. the pool) would not be worse off than an equivalent pool under the existing arrangements. Where the pool grows it would be for the pool to determine how boroughs that would otherwise have been worse off are compensated.
- Creating the opportunity to transfer properties on the Central List to a regional list via a lead authority. This meets one of our specific “asks”, providing an incentive for better use of, say, TfL assets, and access to retained growth on a bigger tax base. The thinking here is that as it would be London Business Rates used to invest in these assets these should be under London control. Early analysis of the 2017 Central list shows that London Underground and the DLR alone account for around £90 million of Rateable Value. A conservative estimate of other possible assessment suggests around £250 million of additional Rateable Value may be suitable for a “London list”.
- Enabling London to agree “local growth zones”. This is one of the provisions in the LGF Bill that the government is keen to promote in order to incentivise pools. Involvement in a pilot would provide the opportunity to help define the parameters for SoS approval, and may enable some LGZs to be established in 2018-19 in London.

21. A further area that may be included within any pilot discussion, but is currently not recognised in the LGF Bill, is greater flexibility to determine thresholds for and parameters around mandatory reliefs. These will amount to around £780 million in 2017-18 in London, the thresholds and parameters for which are currently set by central government, and the vast majority of which are SBRR, Charitable relief and Empty Property relief. The London Government proposal argues these three reliefs should not be viewed in isolation but should be considered in a more holistic way as part of a wider package of levers that local authorities and the GLA would have to incentivise and develop micro-economic areas such as town centres, high streets, retail or industrial parks. This might, for example, include a total relief allocation with flexibility granted to London Government on how it would be used.

Potential benefits

22. Benefits from a voluntary pilot pooling arrangement could be threefold:

- a. There are likely to be clear cashable benefits from:
 - i. Increased growth retention, some of which may be used to unlock further growth if invested strategically
 - ii. Savings from removing the Levy
 - iii. Access to a share of growth from Central List properties
 - iv. Future retention of more growth from local growth zones (albeit the benefits of these would take longer to accumulate)
- b. There are strategic benefits from having a dialogue with the decision makers. In negotiating the pilot, it is likely that London Government will have greater influence over the elements that are being piloted and what the final 100% system might look like (e.g. the parameters of Local Growth Zones).
- c. Pooling may unlock access to further devolution of responsibilities – as indicated in the latest consultation – which London clearly has the capacity to take on by the size of its tariff.

23. Longer term benefits that would accrue include gaining greater trust from government regarding London's ability to self-govern and in collectively undertaking growth initiatives (such as some pooling of collective growth or LGZs) that increase the size of the overall business rates take in London. These are secondary, however, to the initial pooling decision for 2018-19.

Issues to be considered

24. The current estimates of growth suggest the pool overall would not receive a safety net payment and so consideration must be given to how boroughs, who would be worse off than they otherwise would have been under a 50% retention system, would be compensated under a 100% pool.
25. The trend in growth projections suggests there will be a levy saving to be redistributed (for example, boroughs and the GLA expect to pay a levy of £78m on growth in 2017-18). An appropriate principle for distributing this would be necessary. It could, for example, simply be distributed in proportion to baseline funding; or it could be pooled to create capacity for strategic investment to grow the overall pot. Similar to the decision on how the additional retained (100%) growth is distributed, the balance between individual incentives and collective opportunity would need to be agreed.
26. Boroughs and the GLA must define with CLG what the overall retention split would be between the two tiers in 2018-19. The principle agreed by the Mayor and Leaders to date is that under the 100% system the retention the split would be determined by the responsibilities being funded. Under the 50% scheme so far, the shares have been split (Central:LBs:GLA) 50:30:20. From 2017-18, the shares change to 33:30:37 as a result of the TfL capital and RSG transfers to the GLA. The split within a 2018-19 pilot pool would be determined by which grants or responsibilities would be rolled in.
27. It is important to stress that setting up a pool for 2018-19 does not “lock in” boroughs to such a scheme under the new system from 2019-20. One of the key principles would have to be that London Government would reserve the right to dissolve the pool in 2019-20 if final government proposals are not acceptable to individual boroughs.

Governance

28. Any pooling arrangement will require appropriate governance mechanisms – as current pools and pilots do. The government would seek to test the London governance arrangements of the pool through the pilot. So far, London Government’s proposals have indicated that the Congress of Leaders would be the appropriate decision making body to oversee the set up and operation of the pool (and ultimately any future London deal). In order to establish the pool a **unanimous agreement** of both Leaders and the Mayor would be required. The subsequent decisions, such as principles for growth share or local growth zones, would need to be taken collectively by the Mayor and Leaders, building on the existing Congress arrangements and developing the principles set out in the London

Finance Commission in 2013 (and developed further in the latest LFC report), and voting arrangements that would ensure the appropriate protection of minority interests within London.

29. It is worth noting that while the MoU refers to “voluntary” pooling of business rates, the LGF Bill includes new powers for the Secretary of State to designate pools regardless of the wishes of their constituent members, under the 100 per cent retention system.

Next steps

30. London Councils and the GLA have begun early discussions with DCLG in relation to a London pilot pool for 2018-19. These discussions will continue and be informed by intensive work with relevant officer groups – SLT, CELC and the devolution and public service reform sub-group – but will ultimately be a matter for Leaders’ Committee in the coming months.

31. The Business Rates Retention Steering Group has set out a clear timeline which has earmarked the “summer” (July-November) to finalise the 2018-19 pilots, with any London pilot pool to be agreed formally in time for the Autumn Budget (likely to be November). The democratic timetable of the boroughs and the Mayor will therefore need to be considered. Gaining agreement to such a pilot pool in time for the Autumn Budget would likely require due consideration by individual councils, Leaders’ Committee and the Congress in turn.

Recommendations

32. Leaders’ Committee is asked to note and discuss:

- the key announcements in the Budget that relate to London local government; and
- the progress being made on a London pilot pool for 2018-19 that will require a decision by the autumn.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None.

Appendix A – Spring Budget 2017 – Member briefing



Spring Budget 2017

Yesterday (8 March), Chancellor Philip Hammond delivered his first Budget providing the usual update on the public finances and the state of the overall economy. The Spring Budget included some very significant announcements relating to devolution to London government, adult social care funding and business rates, while there were relatively few new policy announcements in other areas. This briefing sets out the key details relevant for London local government.

Introduction

This will be the last spring budget as future budgets will be moved to the autumn from 2017. The government will, however, continue to respond to the OBR's economic forecasts in the spring in a "Spring Statement" from 2018.

At this stage, it is too early to confirm what the exact impact on local government will be and more detail is likely to emerge over time. The key headlines for London Local government are summarised below.

Key headlines

- **Social care funding:** Additional £2 billion of funding will be made available to local government in England over the next three years (£1 billion in 2017/18; £674 million in 2018/19; and £337 million in 2019/20). London's share of the £2 billion will be £316 million
- **A Green Paper will be published** by the end of 2017 focusing on long-term sustainability of the social care sector.
- **London Devolution deal:** Government has published a Memorandum of Understanding (MoU) covering funding infrastructure; business rates; transport; criminal justice, health; skills; and employment support.
- **Business rates devolution:** The MoU commits government to "exploring options for granting London government greater powers and flexibilities over the administration of business rates. This includes supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed".
- **Business rates revaluation:**
 - Additional cap on increases for those coming out of SBRR up to £600/annum – worth £115 million nationally over five years.

- Discretionary hardship will be given to local authorities to distribute at their discretion – worth £300 million nationally over five years.
- £1,000 discount in 2017/18 for all pubs with an RV lower than £100,000 – worth £25 million nationally.
- **Departmental cuts:** No further detail on the £3.5 billion efficiency review savings required in 2019/20.
- **Free Schools:** £320 million will be made available to expand the free schools programme nationally including selective free schools.
- **School maintenance:** A further £216 million will be provided for school maintenance nationally.

Main Announcements

Efficiency Review

- The Chancellor announced in the lead up to the Budget that he had asked departments to look at between 3-6 per cent cuts as part of the efficiency programme needed to find £3.5 billion of cuts in 2019/20. There was no further detailed on where these planned savings will come from in the Budget.

Health & Social Care

- **Additional Funding** – An additional £2 billion will be made available to councils in England between 2017/18 and 2019/20 (£1 billion in 2017/18; £674 million in 2018/19; and £337 million in 2019/20).
- This appears to be ‘new money’ and it is assumed this will be a ring-fenced specific grant.
- The Chancellor’s speech suggested the funding crisis is not simply financial, but relates to performance issues – specifically referring to the fact that 24 council areas were responsible for over half of delayed discharges from hospitals due to a lack of social care support. The funding will therefore be supplemented with “**targeted measures**” to help ensure that those areas facing the greatest challenges make rapid improvement, particularly in reducing delayed transfers of care between NHS and social care services.
- The government will publish a **Green Paper on social care** by the end of 2017 focusing on long-term sustainability of the sector.
- **Accident and Emergency** – An additional £425 million will be made available for local NHS services and A&E improvement. An additional £100 million of capital investment will be made available.
- **Sustainability and Transformation Plans** – The government will invest £325 million over the next three years to ensure a sustainable financial position for the health service. A further round of proposals will be considered in the autumn and tested for value for money. NHS areas will be encouraged to raise proceeds from unused land the reinvest in the health service.

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it is assumed
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ring-fenced
specific grant
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London Devolution

- A **Memorandum of Understanding**¹ has been agreed on further devolution to London.
- The agreement with the Greater London Authority (GLA) and London Councils includes joint working to explore the benefits of, and scope for locally-delivered criminal justice services; action to tackle congestion; and a taskforce to explore piloting a new approach to funding infrastructure.

¹ www.gov.uk/government/publications/memorandum-of-understanding-on-further-devolution-to-london

- The agreement also commits to explore options for devolving greater powers and flexibilities over the administration of business rates greater local influence over careers services and employment support services, as well as working with the GLA and London Councils to ensure that employers can take advantage of the opportunities offered by the apprenticeship levy.
- The government and London partners will agree a **second Memorandum of Understanding on Health and Social Care**.

Business Rates Revaluation

- Further support announced in addition to existing transitional relief for the business rates revaluation in England from April 2017:
 - Support for small businesses losing Small Business Rate Relief to limit increases in their bills at either £600 per annum or the real terms transitional relief cap for small businesses (whichever is greater). This amounts to £25 million nationally in 2017/18 and £115 million over the 5 year revaluation period (London Councils estimates London's share would be around £52 million).
 - Discretionary relief to provide support to individual hard cases in local areas – worth £180 million in 2017-18 and £305 million over five years nationally - to be allocated by formula and details to be set out in due course. Councils will have discretion over how this is allocated, however the announcement may raise unrealistic expectations amongst local businesses.
 - £1,000 business rate discount for public houses with a value of up to £100,000 - subject to state aid limits for businesses with multiple properties, for one year from 1 April 2017. This will cost £25 million nationally in 2017/18 (London Councils estimates that around 8 per cent of this will relate to London).
- Local government will be fully compensated for the loss of income as a result of these measures (total cost of £445 million nationally).
- Government will also set out its preferred approach for delivering its aim to deliver more frequent revaluations of properties at least every three years in “due course” and consult ahead of the next revaluation in 2022.

100% Business Rates Retention

- The London devolution MoU states: “The government will explore options for granting London government greater powers and flexibilities over the administration of business rates. This includes supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed”.

Schools

- **The free schools programme will be extended** with investment of £320 million in this Parliament to help fund up to 140 schools, including independent-led, faith, selective, university-led and specialist maths schools. Of these 140 schools, 30 will open by September 2020 and count towards the government's existing commitment.
- A further **£216 million will be provided for school maintenance nationally**.
- School transport – Entitlement to free school transport will be expanded to include children aged 11-16 who receive free school meals or whose parents claim full working tax credit to their nearest selective school, in line with provision already afforded to faith schools. This will cost around £5 million per year.

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The agreement also commits to explore options for devolving greater powers and flexibilities over the administration of business rates greater local influence over careers services and employment support services
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Skills

- Technical education for 16-19 year-olds will see an increase in the number of hours of learning by over 50 per cent, and will include a work placement for each student.
- Maintenance loans will be provided for students pursuing technical education at higher levels.

Housing and Planning

- The Chancellor made no additional commitments or announcements on housing or planning beyond those already announced at Autumn Statement 2016, and in the Housing White Paper.

Transport & infrastructure

- The Budget confirms how a small part of the £23 billion National Productivity Investment Fund (NPIF) (announced at the Autumn Statement 2016) will be spent – on improvements to transport infrastructure, including:
 - £690 million for new local transport projects, to improve congestion on roads and public transport
 - £220 million to improve congestion points on national roads, with £90 million going to the North and £23 million to the Midlands

Welfare

- **Childcare** - The government has announced tax-free childcare for working families with children under 12, which will provide up to £2,000 per year per child to assist childcare costs. Additionally, free childcare entitlement for working families with 3-4 year olds will double from 15 to 30 hours per week from September 2017. This is worth around £5,000 per child per year.
- **Universal Credit** - As announced in the Autumn Statement, the taper rate for Universal Credit will reduce from 65 to 63 per cent. Additionally, the government announced certain exceptions to limiting support to two children for the child element of universal credit and child tax credits. These exceptions will account for situations such as a parent having multiple births.
- **Domestic Violence** - The government will provide a further £20 million over the course of this parliament to support victims of domestic violence and organisations combatting abuse. This will lead to a Domestic Violence and Abuse Act, and increase total funding for the “Ending Violence against Women and Girls” strategy to £100 million.

Economic outlook

- Alongside the Budget, the independent Office for Budget Responsibility (OBR) published new forecasts for the economy and the public finances. Public sector net borrowing is likely to be significantly lower this year than anticipated in Autumn Statement 2016. Borrowing is now forecast to rise in 2017/18 before returning to the downward trajectory predicted in the Autumn Statement. This leaves the Chancellor on course to meet his target for structural borrowing in 2020-21, but not yet to achieve his goal of balancing the public finances “at the earliest possible date in the next Parliament” – as the deficit will be £16.8 billion in 2021/22.

Key Economic & Fiscal Indicators

- Projected public sector net borrowing is set to be lower in every year since the Autumn Statement over the relevant forecast period (2016/17 to 2020/21). Table 1 below outlines the key economic and fiscal indicators underpinning the Budget. Public sector net borrowing is forecast to increase next year largely reflecting one-off factors and timing effects which flatter current year’s figures at the expense of next year’s figures. As such, the budget deficit as a per cent of GDP has been revised down in 2016/17 since the Autumn Statement; however, the forecast deficit in 2020/21 remains unchanged since the Autumn Statement at 0.7 per cent, with borrowing peaking in 2017/18.

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Public sector net borrowing is likely to be significantly lower this year than anticipated in Autumn Statement 2016
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- GDP is forecast to increase from 2016/17 to 2020/21 following a lower GDP for 2016/17 than previously outlined in the Autumn Statement. GDP in 2017/18 is forecast to be higher than outlined in the Autumn Statement, and a lower forecast for GDP for the following three years.

Table 1 - Key Economic & Fiscal Indicators

	2016	2017	2018	2019	2020	2021
Gross domestic product (GDP)(%)	1.8	2.0	1.6	1.7	1.9	2.0
Public sector net borrowing (£bn)	51.7	58.3	40.8	21.4	20.6	16.8
Public sector net borrowing (deficit % of GDP)	2.6	2.9	1.9	1.0	0.9	0.7
Public sector net debt (% of GDP)	86.6	88.8	88.5	86.9	83.0	79.8
LFS unemployment (% rate)	4.9	4.9	5.1	5.2	5.2	5.1
Employment (mil-lions)	31.7	31.9	32.1	32.2	32.3	32.5
CPI Inflation (%)	0.7	2.4	2.3	2.0	2.0	2.0

Source: Office for Budget Responsibility - Economic & Fiscal Outlook, March 2017

- Driven by household energy bills rising faster than anticipated and a change in the personal injury discount rate (expected to raise motor insurance premiums), CPI for 2017/18 is forecast to be higher by 0.3 per cent than predicted in November. For 2018/19 CPI has been revised downwards since November following the impact of the modest appreciation of sterling on import prices and soft drinks industry levy to raise prices less than expected. Employment has been revised up following revisions to GDP.

Growth

- GDP growth figures have been revised up by 0.6 per cent in 2017-18 since the Autumn Statement. The pick-up in GDP growth has largely been driven by consumer spending, which may have been supported by the past boost to real incomes from temporarily low inflation. Growth figures for proceeding years to 2020/21 have been revised down.

Commentary

The Chancellor's first Budget was a broadly positive one for London local government. Unlike his first Autumn Statement in November, when the silence regarding health and social care pressures was deafening, this Budget had local government funding at the forefront.

The new money – and it appears at this stage that it is genuine “new” money – for adult social care is very welcome given the current funding crisis and the persistent lobbying that London Councils, and the sector as a whole, has been undertaking for many months. The funding will go some way to addressing the immediate pressures in the system; however, it is by no means a permanent solution to the underlying long term pressures – and will do little alleviate the stability of the provider market. To close the funding gap, additional funding needs to be permanently put into local government baselines.

Furthermore, the devil in the detail around the specific reporting requirements linked to the extra funding will be important, as will the level of prescription regarding its use and exactly

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The new money – and it appears at this stage that it is genuine “new” money – for adult social care is very welcome given the current funding crisis
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how much weight the government will give to the “targeted measures” to help ensure that those areas facing the greatest challenges make rapid improvement, particularly in reducing delayed transfers of care between NHS and social care services.

It is positive that the government has listened to our calls for a fundamental review of the social care system, and will publish a Green Paper by the end of 2017 focusing on long-term sustainability of the sector.

On business rates, there was good news, but again more of a sticking plaster than a long term solution to a fundamental issue.

Support for small businesses facing the biggest increases is welcome, but the scale (we estimate just £52 million over five years in London) is small beer considering the huge rates rises that London businesses face compared to the rest of the country. Furthermore, the last minute nature of the change is having a significant impact on local authority finance departments in getting their bills out on time and could surely have been dealt with earlier given that the extent of rates rises has been known since September. The £1,000 discount for pubs will have little impact in the capital where the rateable value of many is likely to be over the £100,000 threshold. While the discretionary relief for the hardest cases is welcome, again the scale of funding (£300 million over five years nationally) will have little impact on businesses in London and may raise their expectations, putting councils under pressure with their local business communities.

The impact of the 2017 Revaluation highlights a more fundamental issue with valuation system which must be addressed concerning the fixed yield system that redistributes the tax burden at each revaluation around the country - typically focussing a greater proportion of the national rates take on central London (if current trends continue, by 2040 we estimate that over 50 per cent of the national rates will be collected in London). The government’s commitment in the Budget to review the valuation system and consult before the next revaluation (due in 2022) is welcome, but London Councils would urge them to do so before the start of 100 per cent retention in 2019/20.

Finally, the London Devolution announcement represents a significant and important step in the long running negotiations that have been underway between London Councils, the GLA and the government over a number of years. Further work will continue in the coming months to ensure the devolution strands that have been announced are delivered and built upon. The possible London business rates pilot that is being explored for 2018/19 may provide an opportunity to test some of the reforms to 100 per cent retention delivering financial and strategic benefits for London government. Successful piloting of such an arrangement could help strengthen the government's confidence in London government's collective ability to take on further service responsibilities and funding in the future.

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Leaders' Committee

Transforming Health and Care through Devolution

Item 5

Report by: Clive Grimshaw **Job title:** Strategic Lead for Health and Adult Social Care

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Summary This report provides an overview of the drivers of health and care integration, the critical importance of devolution as an enabler and proposes action for further development during 2017.

Recommendations Following a discussion at Executive on 28 February about health and care transformation, this report reflects how Leaders at that meeting wished to take forward the discussion with Leaders' Committee. Accordingly, Leaders' Committee is asked to address the questions set out in paragraphs 34 and 35 and provide political guidance.

Transforming Health and Care through Devolution

Context

1. This report brings together a number of developments directly connected to the integration and reform of health and care. Together, those developments lead to some important decisions for Leaders to take which will shape how London responds to health and care integration and reform in the coming 12 to 24 months. Those developments are –
 - The financial challenges facing adult social care and health.
 - The outcome of the Health and Care Devolution Memorandum of Understanding (MoU), which potentially provides an important tool to drive forward integration and reform at pace and scale.
 - Wider developments in the integration and reform landscape, where London local government is leading the way.
2. Reaching a view about how to move forward will require a balanced judgement to be reached in terms of how change and transformation in health at the local and sub regional level will evolve in near to medium term. At the meeting of Executive on 28 February, endorsement was given for an approach to agreeing how to carve out and assert a clear and coherent role for local democratic leadership which brings both scrutiny and consent to how local systems change. This approach is described in detail under paragraphs 34 and 35.

Introduction

3. The health and adult social care sector is facing increasing pressures and integration, driven by multiple national policy initiatives, has long been seen as part of the solution to addressing these pressures. More recently, locally designed and driven integration plans have become more prominent, notably as a core component of the case for devolution.
4. In February the National Audit Office (NAO) published its report on health and social care integration and made several recommendations which could shape integration over the coming years. The NAO called for further work to be done building an evidence base for how, and whether, integration can alleviate financial pressures in the sector.

5. The report identified some risks and potential barriers to integration which need to be addressed for integration to gather pace. These included the risk that integration could become side-lined in pursuit of NHS financial sustainability if there wasn't full local authority engagement in the joint sustainability and transformation planning process. Other long standing barriers and risks identified in the report were workforce challenges, misaligned financial incentives and problems around information sharing.
6. The report concluded that the pace towards full integration has been slower than had been hoped and that more needed to be done if full integration was to be achieved by 2020. It also found that national initiatives such as the Better Care Fund did not achieve the level of financial savings in the system that had been anticipated.
7. This paper sets out some integration initiatives in London and describes the finance and policy context for borough led models of integrated health and care.
8. The paper also suggests a range of high level actions to drive the further development of the reform propositions, based on pilot and non-pilot integration area models. It further suggests how London Councils can help to shape the national debate by beginning to develop a strong integration evidence base across London.
9. However, it must be noted that the initial evidence is that despite the most ambitious integration programmes, the funding pressures facing health and social care are unlikely to be addressed without new money coming into the system. While integration is not altogether a solution to the financial challenge ahead, it does offer an important means for improving user outcomes in the sector and supports local democratic influence over decisions which will remain central to the financial sustainability of local health and care systems.

Financial and policy context of health and care transformation

10. London's population is growing at a faster rate than the rest of the England, including significant growth in the over 65s population and the number of people with physical/learning disabilities. Demographic growth and change in

recent years has also seen an increasing number of people living with long-term, complex conditions.

11. Spending Review 2015 (SR15) outlined further significant cuts to local government, which was again asked to shoulder a greater than average share of the funding reductions to deliver the Government's deficit reduction plans: a real terms cut to core funding (Settlement Funding Assessment) of 37 per cent over four years. Core funding to London boroughs from Government will have fallen by 63 per cent in real terms over the decade from 2010-11 to 2019-20
12. The funding challenge in adult social care is one of the biggest facing London local government over the Spending Review period. This remains the largest area of spend at £2.2 billion across London in 2016-17; representing 31 per cent of total spend (as high as 43 per cent in some boroughs). Recognising the critical impact this can have on people's lives, boroughs have sought to protect adult social care as much as possible since 2010-11 but despite this, boroughs are spending around £450 million less in real terms than in 2010-11.
13. The 2015 Spending Review found an additional £3.5 billion nationally for adult social care by 2020 across England - £2 billion through the introduction of the social care precept and £1.5 billion through the Improved Better Care Fund grant to local government. Of the £1.5 billion to be made available through the Improved Better Care Fund (in 2020), £247 million is available for London, while £244 million could potentially be raised from the Social Care precept.
14. In his Budget Statement on 8 March, the Chancellor of the Exchequer announced additional grant funding of £2bn to adult social care in England over the next 3 years. Of this grant funding, £1bn would be available in 17/18. This funding, it was said, would form a bridge to BCF which will become available towards the end of the Parliament. The Chancellor also announced a Green Paper on the future of adult social care funding would be published later in 2017.
15. Notwithstanding the fact that more detail is needed of how the additional funding will benefit London, investment to assist in meeting the financial pressures facing adult social care is welcome. London Councils had, based on SR15, estimated a cumulative £600 million funding gap in 2019-20. This is

likely to have been mitigated by the injection of new funding. Therefore, while short term pressures may have eased, in the long term the financial sustainability of adult social care remains uncertain.

Devolution as an enabler of transformation

16. In December 2015, the London Health and Care Collaboration Agreement was signed and it set out London's devolution proposals for transforming health and wellbeing outcomes, inequalities and services across the capital through new ways of working together and with the public.
17. London health devolution pilot areas, involving a large number of member boroughs, have undertaken a huge amount of work during 2016 in refining the evidence base and specificity of devolution needs and propositions. These are critical to the faster and deeper integration and reform of health and care. The offer explicit alongside these asks is that local integration is central to better equipping Londoners to live longer, healthier lives.
18. Key devolution enablers coming out from the pilot projects include:
 - Devolution of funding and commissioning powers as agreed with the relevant national bodies
 - Changes to governance and regulation
 - Joint capital strategic planning and delivery
 - Joint workforce strategic planning
 - The development of new payment mechanisms to support integration
19. At Leaders' Committee in December, a paper detailing the latest position on asks and offers emerging from London's health devolution pilot areas was considered. That paper also established a process for engagement and clearance of the final agreement. Following discussions, as agreed, between Cllr Kevin Davis, London Councils' Health Lead, Cllr Claire Kober as Chair of London Councils and Cllrs Sarah Hayward and Richard Watts as members of the London Health Board, agreement on the London Councils' position in respect of the Memorandum of Understanding was reached.
20. Subject to the final MoU with national partners being agreed, the roll-out of devolution as an enabler of deep and successful integration and reform will require strong political leadership underpinned by a coherent narrative around which borough Leaders will wish to engage. This would not imply a single London system, but a narrative which captures the rich variety of local and

multi-borough models of integration of health and care which political leaders are willing to advocate throughout London and which clearly demonstrates to Londoners the powerful role of devolution in the objectives underpinning the narrative.

21. The new powers that may be gained through devolution can provide a platform for accelerating the development of borough-led integration models and so reforming the health and care system locally. The period immediately after agreeing the MoU represents the greatest opportunity for London boroughs to shape the public narrative of reform showing how boroughs are positively shaping the future of health and care in the Capital, how new and emerging models are grounded in the local needs from an integrated health and care systems and the vital role of local powers gained through devolution in taking those models further and faster.
22. This development further raises a question of how to fully optimise the unique position of borough Leaders. The financial challenge in the system is well-known and devolution offers tools to drive integration and reform of health and care. In the same manner as individual pilot areas have led the agenda, so the task facing the wider system, in part, appears to be how to ensure reform emerges through bottom-up, locally designed solutions. This will be a central task for the coming 12 to 24 months and points to questions of how best the local story can be told and how Leaders can shape this.

Transformation through integration and reform

23. London Councils welcomed the announcement in SR15 that all areas of the country will be mandated to produce plans for complete health and social care integration by 2017, to be implemented by 2020. However, the government has now scaled back on these plans there will no longer be an expectation for all local areas to produce separate 2020 integration plans although a vision of how they plan to achieve full integration will be expected as part of the Better Care Fund 2017/19 plans.
24. The process of developing new models of integration of health and care has evolved and taken on a new, stronger emphasis in recent years. At its core, the policy drive behind the Better Care Fund (BCF) is that integration is key to improving a range of health related outputs and outcomes, often practically enabled through budget pooling and some shared governance. London as a

region has led the way in delivering the integration agenda for example last year London's performance against the national conditions in the BCF surpassed other regions consistently in at least 5 of the 8 national conditions. While of the 25 national integrated care pioneer sites, 5 were selected from London covering 16 London boroughs.

25. Alongside the BCF there have been other national initiatives pushing for increased integration of health and care such as the Integrated Care pioneers and the Vanguard and more recently the introduction of STPs all with a primary aim of improving the care received by people by changing how the care is delivered. However, the NAO report found that despite these initiatives the pace of integration has been slow.
26. Integration and reform across London has not been restricted to these initiatives. Many local and sub regional areas have taken the opportunity to go further in developing integrated care pathways, for example by bringing together health and care commissioners. More recently, boroughs have begun to develop visions for integration of primary and social care which are deeper and more comprehensive, creating fully integrated commissioning which brings together substantive budget commitments around new care models.
27. Evidence from a number of boroughs considering the potential benefits of integration and reform to meet the financial and demographic challenges, suggests that Londoners consistently prioritise health and care provision which enables:
 - i. Longer healthier lives
 - ii. Self-help and self-care
 - iii. Individual resilience which allow for lives to be as independent as possible
 - iv. Access to high quality care when it is needed
28. Examples of areas in London where comprehensive integration of health and care plans are progressing include the devolution pilots (London Borough of Hackney, London Borough of Lewisham and London boroughs of Barking and Dagenham, Havering and Redbridge), London Borough of Croydon (through Outcomes Based Commissioning for over 65s) and the Royal Borough of Kingston upon Thames Kingston Coordinated Care programme.

29. While areas and plans noted above are not exhaustive and don't fully capture the variety of locally led and developed initiatives, some of the common themes that do emerge from these borough-led propositions include:

- Integrated primary care and social care commissioning.
- Integrated multi-disciplinary health and social care teams co-located to support populations of between 40,000 and 60,000 Londoners.
- Involvement of integrated voluntary sector organisations into a range of social, wellbeing and public health services via social prescribing and integration with statutory services.
- Introduction of an integrated single point of access allowing for the efficient and quick referral to health and self-care provision
- Empowering and equipping Londoners with skills and information to help them self-manage, access the right services when needed, make informed decisions on the evidence and options for their care and who are active in the co-design of service delivery arrangements and pathways
- Access to a high quality local hospital delivering, among a number of things:
 - 7 day services.
 - Digital solutions that drive down demand for face-to-face intervention.
 - Management of pressures on specialised services.
 - Aligned clinical behaviours across primary community and secondary care, which see the community / home as the default and support the delivery of patient care plans.

30. While there will be a mixed picture of progress between different areas, on the whole London has successfully begun its transformation of health and care. It is moving it towards a more integrated care pathway. However, it is important that local government continues to make the case that integration is only part of the solution to addressing the challenges that the sector is facing. Further work is needed to look at how the sector can be made more sustainable in the long term.

Recommendations

While local and multi-borough areas have embraced the integration agenda there is further evidence building which suggests the system would derive added value

from a full narrative setting out how integration can be used to drive further reform of health and care.

31. In order to develop that narrative, elected Leaders will need to consider how to present and explain local initiatives to Londoners. It will also be important to develop local approaches to use the new powers that come from successful devolution negotiations and by doing so to accelerate the rate of reform and the pace at which health and care services are improved for Londoners.
32. Discussions at Executive endorsed an approach which would carve out and assert a clear and coherent role for local democratic leadership which brings both scrutiny and consent to how local systems change. Commentary at Executive reflected the importance of local government Leadership in driving forward the agenda, particularly in the context of reform within constrained finances. Leaders at Executive were also keen for pilot areas to be enabled to tell more of their story and direction of travel and to be able to access analysis which can support local decision making on integration which.
33. Leaders' Committee is therefore asked to address two questions.
34. Firstly, Leaders are invited to provide political guidance on the recommendation that through London Councils a London health and care integration political narrative is developed that builds on work to agree a Memorandum of Understanding with government in order to fully describe London elected leaders full ambition for improving health and care in every London borough. This will require the development of a policy platform that is robust enough to capture the core of borough-led initiatives illustrating the financial impact of these initiatives on the long term sustainability of social care in London and:
 - i. Through London Councils a London health and care integration political narrative is developed which will underpin a policy platform explaining the essential components of borough-led initiatives and illustrating the financial impact of these initiatives on the long term sustainability of social care in London.
 - ii. That this narrative must be supported by evidence from devolution pilot areas and non-pilot areas, and that pilot areas must be enabled to tell their story of progress and direction of travel.

- iii. That this narrative considers the long-term destination for health and care in London, with a supporting analysis of changing nature of demand.
- iv. To show how tools from devolution can form an enabler of integration and reform.
- v. Learn from integration and reform to identify new devolution propositions.
- vi. That Leaders' support borough Health and Wellbeing Board Chairs to lead this work and through the Health Lead report to Leaders' Committee.
- vii. That campaigning and lobbying propositions be included in a future report back to Leaders' Committee.

35. Secondly, Leaders' consider and offer early guidance on how individual London borough leaderships can be supported to gain the best value from the new powers and tools available as a result of devolution negotiations. Following discussion at Executive, it was agreed this should include consideration of:

- i. The mechanism for effective local government political oversight of opportunities opened up by the MoU, which should include the role of Health and Wellbeing Boards as well as Cabinet leads and overview and scrutiny leads.
- ii. Mapping current proposals and strategies for health and care improvements within each London borough with a view to providing some analysis which can support local and multi-borough decision making on integration.
- iii. The resource and support requirements to make the delivery of devolution work for all boroughs.
- iv. Assessing how the London Estates Board and other central resources devoted to health and care reform can best support individual boroughs and multi-borough partnerships to deliver successful reform, including exemplifying the benefits of devolved arrangements
- v. Considering what other resources and support may be required for boroughs to be able to develop clear plans for health and care reform that are led by locally democratically accountable leaderships.
- vi. Assessing the potential for collaboration across borough boundaries to enhance plans for health and care improvement.

Financial Implications for London Councils

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

Legal Implications for London Councils

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

Equalities implications for London Councils

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

Leaders' Committee

The Housing White Paper

Item no: 6

Report by: Eloise Shepherd **Job title:** Head of Housing and Planning Policy
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Summary

The report provides detail on the government Housing white paper "*Fixing Our Broken Housing Market*" published on the 7th February 2017. It highlights aspects of the white paper relevant to recent discussion on increased home building between London government and national government. The paper also gives a brief update on the ongoing work to develop options for a collaborative delivery vehicle to increase delivery capacity.

Recommendations

Leaders' Committee is asked to:

- a. Note the update on initial activity in responding to the government's white paper and new policy direction
- b. Consider any guidance on the emerging priorities within London Councils' response
- c. Note the update on the work to explore a collaborative housing delivery vehicle among boroughs, which will return to Leaders' committee.

The Housing White Paper

Introduction

1. This report alerts the committee to the publication of the government's Housing white paper "Fixing Our Broken Housing Market" on 7th February 2017. The content of the white paper is briefly described with supporting detail provided in Appendix One. The report highlights issues in the white paper affecting London Councils' ongoing work to improve housing for Londoners in particular:
 - Shifts in government policy since the Housing and Planning Act 2016 received Royal Assent on 12th May 2016;
 - Proposals within the white paper that may be of particular significance in London;
 - Links between the white paper and discussions with the London Mayor on the development of housing policy for London;
 - A brief update on other work to drive delivery and influence policy and legislation at London Councils, including on the collaborative delivery vehicle for housing.

The White Paper: "Fixing Our Broken Housing Market"

2. The white paper makes proposals across four areas, split into four chapters: planning and land, accelerating house building, diversifying the housing market and immediate support to individuals. The first two chapters (predominately concerned with planning measures) are formally open to consultation, the second two are not. Therefore, the paper is technically more of a mix between an old style green paper and a white paper. Additionally, despite the title, the paper has many more substantive measures in the planning space than housing. The chapters break down more specifically as follows:
 - Planning and land includes proposals affecting the local plan process, assessments of housing need, clarifying land ownership, small sites, Greenbelt, and land use including housing density.
 - Faster building makes recommendations to allow councils to increase planning fees, funding related infrastructure, reducing the scope for pre-commencement conditions, increasing requirements for clarity on developers' intended build out rates, powers to consider developer delivery records in planning decisions; and powers to require local authorities to adopt higher building targets.
 - Diversifying the market includes interventions on new construction methods, build to rent and local authority building.
 - Helping people now includes changes to Starter Homes policy, policy on housing needs for old or disabled people and support for the Homelessness Reduction Bill.

3. The white paper reflects a change in government policy towards building to rent, which is significantly more supportive of mixed tenure development. Linked to this, it reduces the scale of requirement for Starter Homes in new developments. There is no explicit change in Greenbelt policy. The white paper does not make proposals to increase financial flexibilities for local government such as more flexible use of right to buy receipts, retention of a larger share of right to buy receipts, or increased HRA borrowing headroom. Communication with CLG and Housing Minister Gavin Barwell has however revealed an interest in a new conversation with local authorities about methods to drive supply. So there are clear opportunities to open up the discussion on a bespoke London government deal, with authorities encouraged to be ambitious in delivering and enabling new supply.
4. The white paper welcomes council backed housing companies and joint ventures and their role in bringing forward new supply. However a significant concern is that the white paper then proposes extending “equivalent” rights - including the right to buy - to tenants in “new affordable properties”. This may have significant implications for the viability of council backed housing companies. It is at this point unclear exactly what this means in practical terms, as it has been suggested formal legislation in the area is unlikely but also that the measure is a clear commitment from CLG. ‘Affordable’ is also not specifically defined in relation to this point (NB the white paper uses eight distinct definitions of affordability). There are concerns that the pronouncement alone will affect councils’ ability to finance developments through housing companies. It therefore may become a priority to seek clarification, and potentially consider and offer workable home ownership support options for tenants in “new affordable properties” that do not present a viability challenge.
5. The white paper introduces a new housing delivery test for local authorities. This test will assess whether the number of homes being built is below targets set for local authorities (using a new to be defined assessment of need). If the target level of housing is not being built the government proposes to put in place measures ranging from requiring local authorities to put in place action plans to forcing them to allocate more land for development, or implementing a presumption in favour of sustainable development for all planning applications. Although there are indications that this measure may only be used only in extremis where authorities are not working towards targets, there is potentially a huge gap between current delivery and targets in London. Authorities today have limited methods of controlling build out following permissions being granted (considerably more permissions are granted than started and there are no significant additional tools

considered in the paper to give local authorities control over this). These challenges increase the urgency of a bespoke London discussion with government on both high housing needs and the particularities of the London situation. It also could be helpful to consider councils working with developers on short term use of sites when awaiting development.

6. Government support for the Homelessness Reduction Bill is reiterated in the white paper. The bill is currently progressing through the House of Lords and likely to receive Royal Assent by the end of this Parliamentary Session in May 2017. CLG are currently planning implementation for either January, or April 2018. Given the mention of the bill in the paper, London Councils will repeat the established lobbying points on cost of the bill in the white paper response. CLG have indicated new burdens funding of £61m will be available nationally over two years, although indicative approximate work conducted by boroughs scales up to £77m in London in one year only.
7. The white paper follows housing announcements in the Autumn Statement which included agreement to £3.15 billion in funding for the London Mayor to deliver 90,000 homes in the 2016-2021 Affordable Homes Programme. Officers of both London Councils and the Mayor had been involved in discussions with government prior to the Autumn Statement seeking a range of policy changes. While the funding agreement was the primary outcome of the Autumn Statement, the white paper responds to other proposals made by London in those discussions. These include:
 - Agreeing to allow councils to increase planning fees by 20% from July 2017 so long as funds are invested in planning. There is a potential for a further 20% increase in funding with conditions. Some boroughs have already made clear the problems raised by the conditions and advocated that the additional 20% should also be granted to all without conditions to compensate for freezes and align to the level of need in planning departments.
 - Further detail on the £2.3 billion Housing Infrastructure Fund to create supporting infrastructure in areas of greatest housing need.
 - Recognition of the importance of build to rent. The tone from government on this point is welcome and there are continuing opportunities for local government to influence the emerging further propositions through a specific build to rent consultation document looking at the measures laid out in the paper. This consultation is well timed for London Councils to feed in the emerging outcome of current joint research with London First on the challenges and opportunities to delivering the build to rent model in London. This research will be launched in April 2017.

8. Formal consultation on the white paper closes on the 2nd May. Borough housing and planning officers have and will continue to attend a short series of roundtables held at London Councils to influence the formal response. More informally, the Housing Minister Gavin Barwell MP has held a series of regional views to directly receive stakeholder responses. A final event in London has now been scheduled for the 20th April 9.30 – 11am in collaboration with London Councils to canvas views specifically from local government, in particular Leaders, Housing cabinet leads and relevant senior staff.

Developing Borough Delivery Capacity through Collaboration

9. Following the initial discussion after the October 2015 Leaders' Committee, the December 2015 report to Leaders' Committee and the report to executive in May 2016 and the report to Leaders' Committee in June 2016, work has been commissioned to assess the ways in which collaborative action by London boroughs could enhance housing delivery capacity in individual boroughs. As previously reported the approach is to develop a model based on voluntary membership. Current opportunities being developed include brokerage between boroughs, capacity support, reducing obstacles to more direct development support.
10. It is anticipated that propositions for discussion and decision will emerge as the commissioned work completes before the summer. It may be that these developments have a bearing on potential discussions with central government.

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.



Housing and Planning White Paper

The government published its housing white paper, 'Fixing our broken housing market' on 7 February. This briefing provides members with our early analysis of the aims and measures set out in the white paper on: planning for the right homes in the right places; building homes faster; diversifying the housing market; and helping people now.

Overview

On 7 February the government released a housing and planning white paper 'Fixing our broken housing market'. The white paper sets out the government's plans to: reform the housing market and boost the supply of new homes; plan for the right homes in the right places; build homes faster; diversify the housing market, and help more people access housing. Boroughs and London Councils have a formal opportunity to respond to the proposals set out in the white paper via a consultation which closes on 2 May 2017 (see link at end of briefing).

London has a housing crisis which has been driven by a significant undersupply of homes. Currently, around 25,000 homes are being delivered annually despite a London plan target of 49,000. London Councils recognises the need for housing supply to be increased in the capital and supports the government's renewed focus on development, in particular delivering housing in a range of tenures to seriously attempt to address the crisis.

In particular, London Councils welcomes the proposal to allow authorities to increase planning fees and other flexibilities, and to support institutional investment in build to rent. The mention of new conversations on devolution to enable housebuilding is also welcome. Principally, we continue to call for (among other things): a) increases in level of retention of right to buy (RTB) receipts; b) flexibilities in use of RTB receipts (including for regeneration); and c) additional Housing Revenue Account (HRA) headroom to address short term delivery demand increases.

There is some concern that the measures in the white paper disproportionality come down on councils, with little if any incentives/disincentives applied to developers, as had been suggested in the build up to the release. Councils and the planning system have an important part to play in building and facilitating building, but developers must also contribute and currently, the paper is skewed to be punitive towards authorities, especially in the 'housing delivery test'.

Analysis

Chapter 1: Planning for the right homes in the right places

Making sure every community has an up-to-date, sufficiently ambitious plan

The white paper aims to simplify the local planning documents to ensure a greater level of housing delivery. This includes a requirement to review local planning documents every five years and make more planning data available. There will also be less need to set out adopted local plans with these being replaced by strategic priorities which can be planned for separately. Boroughs would also need to prepare statements outlining how they will work together to meet housing requirements. Importantly, the government is planning to set out a standardised approach to assessing local housing need after a period of consultation.

London Councils welcomes a period of consultation on a standardised approach to meeting housing need as the current system is complex, expensive and time consuming. However, the white paper introduces extra plan making burdens for under resourced local planning authorities and, thus far, a lack of clarity in the types of document that they need to produce. We will respond to the consultation pending.

Making land ownership and interests more transparent and delivering homes on public sector land

Measures set out include an aim to ensure the registering of all public land by 2025. It also introduces a new £45 million Land Release Fund which boroughs can bid for and measures to facilitate the disposal of land which has been prepared for development by public bodies. This will be further supported by a consultation on flexibility to dispose of land at less than best consideration. London Councils welcomes measures to facilitate public land release, although we question a £45 million fund is sufficient to aid with large scale release. The government also does not provide any resources to aid boroughs to register public land which is time consuming and expensive.

Supporting small and medium sized sites/developers

The white paper encourages boroughs to better identify small sites and place a greater weight on their development in local policy documents. It also encourages the sub-division of large sites where appropriate. London Councils believes most boroughs are already successfully identifying small sites for development. However, the subdivision of large sites in London may be problematic, as much of the new large development in London is high density, high rise development which is often not appropriate for small developers. Government needs to clarify its definitions of small and large sites.

Green belt land

There is little shift in position on government green belt policy with Green Belt only be allowed to be allocated for development in very exceptional circumstances. However, the introduction of more rigorous housing targets may lead to boroughs needing allocate more exceptional green belt sites to meet them.

Using land more efficiently for development

Policy encourages high density development utilised in suitable locations in urban areas. It will encourage development over uses such as car parks as long as it reflects the character and infrastructure capacity of an area. There will also be a review of national space standards. London Councils believes that London boroughs are used to building high densities and using sites innovatively. Any revisiting of space standards must ensure that smaller units are high quality and meet a local need.

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Chapter 2: Building homes faster

Boosting local authority capacity and capability to deliver

The white paper sets out plans to allow LPAs to increase planning application fees by 20 per cent from July so long as additional funds from increase are reinvested in planning departments. Future consultation will be made on an additional 20 per cent increase where authorities are delivering 'the homes their communities need'. An extra £25 million fund will be available to local authorities who plan to deliver homes in areas of high housing need. London Councils welcomes this as a response to long term lobbying to enable under resourced planning departments to cover costs.

Ensuring infrastructure is provided in the right place at the right time

As announced in the Autumn Statement, a £2.3 billion Housing Infrastructure Fund will be offered in areas with the greatest housing need. It is believed that infrastructure will be defined broadly, including education and health infrastructure. There is however no mention of whether it could fund remediation for contaminated which can prevent sites from being utilised to their full potential in London. The NPPF will be amended to identify that boroughs will be expected to identify the development opportunities where there is national infrastructure investment.

Tackling unnecessary delays caused by planning conditions

The white paper sets out policy which aims to tackle unnecessary delays by prohibiting conditions that do not meet the national policy tests and ensuring that pre-commencement conditions can only be used with the agreement of the applicant. London Councils believes that conditions are essential to ensuring development is appropriate and do not present a barrier to development. It is disappointing to this see this in the white paper and London Councils are working with Lords to oppose this legislation in the Neighbourhood Planning Bill.

Greater transparency through planning and build out phases

Measures will be introduced to require more information to be provided about the rate of housing delivery on individual development sites. London Councils welcomes this measure but requires clarification on how this data will be collected. It would be time consuming and expensive for boroughs to collect this data without resource.

Sharpening local authority tools to speed up the building of homes

Policy will be altered to national planning policy to encourage local authorities to consider how realistic it is that a site will be developed, when deciding whether to grant planning permission sites where previous permissions have not been implemented. A consultation has also been announced on whether an applicant's track record of delivering previous, similar housing schemes should be taken into account in determining planning applications.

London Councils believe that in practice it would be complex to implement this policy. Planners base their decisions to grant planning permission on the merits of individual applications and applicants leave sites unimplemented for reasons not related to planning. An analysis at the point of permission being granted also has limited value as the position of the market will change over the life of the development, changing developer behaviour.

Housing delivery test

The white paper introduces a new housing delivery test for local authorities. This test will assess whether the number of homes being built is below targets set for local authorities and where necessary trigger policy responses that will ensure that further land comes forward. If the target level of housing is not being built in a local authority area the government proposes to put in place measures ranging from enforcing local authorities to put in place action plans to forcing them to allocate more land for development or implementing a presumption in favour of sustainable development for all planning applications.

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London Councils believes that this proposed policy is overly punitive on authorities. Local authorities have limited control over the build out rate of housing in their areas, the only power they have is the ability to grant planning permissions. In London, boroughs have consistently granted permissions above the London Plan target. Developers build housing out at the rate the market dictates will allow them to secure the expected house prices they have entered into viability assessments. Taking negative actions against local authorities for slow developer build out rates is unfair, especially when no fetters of restraints are put on developer behaviour. One pre-briefed suggestion was to place time restrictions on permissions but this has not been included in the paper. It also could be constructive to consider councils working with developers on meanwhile use of sites when awaiting development.

Chapter 3: Diversifying the housing market

Decision not to introduce a requirement for a small sites register

London Councils welcomes this decision as London boroughs have demonstrated that they are already good at identifying small sites for small development and we welcome the avoidance of further burdens on already under-resourced local authorities.

Accelerated construction and custom build

London Councils welcomes the opportunity to use new construction methods and to diversify development. New methods of construction must be additional rather than instead of traditional methods, and in particular we note the risk to the supply pipeline posed by the ongoing skills crisis and Brexit. The Accelerated Construction programme in London is still to be defined, and much of the money allocated is does not seem to be new investment.

Building more homes for private rent

Build to Rent can play a positive role in meeting housing need in London and London Councils welcome changes to the NPPF that ensure local authorities know they should plan pro-actively for Build to Rent. London Councils also welcomes a commitment to ensure that family –friendly three year tenancies are available in these schemes and believe there will be appetite from local authorities to provide longer term tenancies for families. There are many of examples of best practice of build to rent housing including longer family tenancies in London.

Backing Local Authorities to Build

London Councils welcomes a commitment to seek to address issues that hold local authorities back from building homes. The potential introduction of right to buy for homes delivered by local authorities outside of the housing revenue account is however extremely unwelcome and could lead to a further loss of affordable stock. London Councils will be keen to assist government in assessing options for increasing the supply of housing in all tenures by local authorities. Government could also examine further measures to encourage local authorities to build such as greater flexibility to use right to buy receipts and borrow against the housing revenue account.

Chapter 4: Helping people now

Starter Homes

Starter Homes are to be altered to have an income threshold (£90,000 maximum income in London) and a 15 year discount repayment period. The NPPF will also be altered to include an expectation that housing sites should deliver a minimum of 10% affordable home ownership units. London Councils believes boroughs should deliver products that best meet local need. London Councils welcomes the change of focus from starter homes to a wider range of affordable housing, relaxing restrictions on funding so providers can build a range of homes including affordable rent.

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Housing for our future population

London Councils welcomes the duty for the Secretary of State to issue guidance for local planning authorities on how local development documents should meet the housing needs of old and disabled people.

Homelessness

The paper notes government support for Bob Blackman's Homelessness Reduction Bill. London Councils supports the intentions of the bill, but has raised concerns that the increased duties it places on local authorities need to be fully funded. We estimate the impact would be in the region of £77 million across the 33 London authorities in one year and will lobby Government to ensure that boroughs are sufficiently resourced to implement this legislation.

Commentary

London Councils will work with boroughs to analyse and assess the impacts of the proposed policy set out in the white paper. We will reply to the consultation which has been released alongside the White Paper to raise concerns and aim to achieve greater flexibilities around the use of right to buy receipts, borrowing against housing revenue accounts and permitted development as well as other areas.

Author: Luke Burroughs, Principal Policy and Project Officer (T: 020 7934 9508)

[Click here to send a comment or query to the author](#)

Links:

[Fixing our broken housing market \(pdf\)](#)

[You can respond to the consultation here \(link\)](#)

This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Housing and Planning

Leaders' Committee

London Councils Challenge – Utilising the broader contribution of London Local Government

Item no: 7

Report by: John O'Brien **Job title:** Chief Executive
Date: 21st March 2017
Contact Officer: John O'Brien
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Summary	Following on from the London Councils Challenge report and discussions involving Leaders and chief executives – both separately and collectively – this report sets out a basis for strengthening the way in which the collective political leadership of London local government, via London Councils, can be best supported by contributions from the sector in London, in particular by borough chief executives.
Recommendations	<p>Leaders' Committee is asked to:</p> <ul style="list-style-type: none">(i) endorse the proposed process for strengthening the means by which the contribution of London local government more broadly to its collective political leadership via London Councils can best be harnessed;(ii) agree that a detailed Memorandum of Understanding be developed to support this approach and establish the principles which should underpin the operation of commissioned support to London Councils by chief executives and other senior staff.

London Councils Challenge – Utilising the broader contribution of London Local Government

Introduction

1. One of the key themes of the London Councils Challenge report was about how best the collective work of London local government could draw on wider contributions from the sector, in particular from borough chief executives.
2. Officer networks exist across London local government and help enable officers to share and learn from each other and about pan London developments in a way that adds significant value to the work that they do locally – enabling them to serve their local councils and communities more effectively. Separate from that, as the Challenge report discussed, such networks and their members also have the potential to support the collective political leadership of London local government via London Councils.
3. This report is focused on the latter of those two roles – the potential contribution of chief executives and other senior professionals in support of the work of London Councils – and ensuring that the means for doing that is clear, transparent and underpinned by the right lines of accountability.
4. This is a subject Leaders have discussed in informal sessions following the Challenge report and the Executive covered at its Awayday session in November as well as at its most recent meeting in February. The Chair of London Councils, Councillor Kober, the Vice Chair, Councillor O'Neill along with the Chief Executive met recently with senior members of the Chief Executives London Committee (CELC) to discuss these issues.

Background

London Councils context

5. In July 2016, the report from the London Councils Challenge process, led by Sir Derek Myers, was published. This reported commented as follows:

“The way in which the collective talent, ambition and legitimate leadership of borough Leaders works with the talent pool of borough senior staff, London Councils staff and hired experts seems ripe for maturation. Leaders need to agree this is an important key role for ‘their’ Chief Executives. London Councils could have a commissioning relationship with CELC, for example asking senior staff to work up options for how a

particular issue might be tackled. In such an evolved system, the Chief Executive of London Councils ought to have a more obvious leadership role to ensure such system coherence. This would leave Leaders to think about the political deliverability of such options.

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

6. Leading members at London Councils have been clear that this issue needs to be addressed. They believe that the arrangements for commissioning such support need to be clearer and more transparent and that when CELC members are operating in support of London local government's collective political leadership via London Councils, there needs to be a clear flow of accountability back to the London Councils' Leaders' Committee.

CELC context

7. Last year, CELC discussed its future, its relationship with other parts of London local government. It concluded that it should seek to be both:
 - a voluntary professional network of supportive colleagues helping chief executives to do their jobs as London borough Chief Executives most effectively on behalf of their own councils and the communities that they served; and,
 - a body that is ambitious for London as a whole and, therefore, is keen for its members to support the collective political leadership of London local government via London Councils.

In playing that latter role, CELC recognised explicitly the democratic leadership role of London's borough councils and Council Leaders – both individually in their places and collectively via London Councils.

Consideration

8. It was agreed at the meeting between the Chair and Vice Chair of London Councils and senior CELC representatives that a practical way forward should be found that would aim

to work with the grain of what has been effective about working relationships to this point in time, whilst also seeking directly to resolve some of the outstanding issues of clarity and accountability that were of concern. In addition to clarity, there was also a need to ensure more shared knowledge and understanding among London Councils members about who chief executives are in each of the boroughs and what key issues individuals may be working on as part of the support offered to London Councils collectively. There was real mutual benefit to be had, it was felt, from a more explicit piece of two way communication.

9. In terms of further clarifying this relationship, the priorities that Leaders set out included clarification of:
 - the 'pivot' or commissioning role of the Chief Executive of London Councils – as set out in the Challenge Report - in securing chief executive support for discharging the collective political will of Leaders' Committee. In doing so, the Chief Executive of London Councils was clearly accountable to the collective political leadership of Leaders' Committee, not to CELC or any other professional grouping. In turn, those chief executives commissioned to provide such support would also need to be accountable through London Councils to Leaders' Committee for that work. Part of the role would also be to secure wider CELC engagement with this work. This would help to ensure that London Councils' work benefited from a strong, collective input from chief executives. This work would be clearly differentiated and separate from any collective professional or managerial initiatives, which might be pursued via separate routes, eg via SOLACE nationally or regionally;
 - the means by which that pivot or commissioning role is played. Firstly, this meant transparency with leading members about the identity of those commissioned to play such roles and the respective policy areas it applied to, as well as how the commissioning process should operate. Secondly, it needed to be explicit about the need for consultation with officers of CELC to help inform such commissions;
 - the nature of the responsibility of the Chief Executive of London Councils for the *overall* advice offered to members collectively. This was also a point highlighted by the London Councils Challenge report. Linked to that, the direct accountability of London Councils officers to the senior management of the organization also needed to be widely understood. This potentially became more important in the context of a separate outcome from the Challenge process to consider, for certain specific issues,

supplementing London Councils' capacity with some senior, time limited resource on particular projects.

Proposition

10. In responding to these issues, a number of potential steps are set out. Firstly it is proposed that the Chief Executive of London Councils, working with the Chair and Deputy Chair of CELC, commissions support from 'Lead' Chief Executives in a small range of key policy areas on an annual basis. These would be likely to be based around the key portfolio areas of members of the London Councils Executive – although clearly the annual commissions would reflect the priorities that Leaders had established, rather than positions for their own sake.
11. It is possible to imagine, for example, Lead Chief Executives contributing by:
 - supporting London Councils members and staff in promoting greater local leadership of integrated health and care, both with our own members and broader partners, including health;
 - supporting sub-regional partnership leads at member level to work together via London Councils and its officers to secure a more localised approach to skills provision and employment support;
 - helping London Councils members and officers to work with City Hall and Government on framing a credible proposition for piloting business rate retention in line with positions agreed by Leaders' Committee.
12. A potential means for achieving this would be for the Chief Executive of London Councils, following the Annual General Meeting each June, to consult the Executive on the range of support to be commissioned and to inform all CELC members of such roles that emerged from this process. This would be after the configuration of political portfolios had been established for the forthcoming year – and would provide an opportunity for all those interested in playing any such roles to identify themselves. The Chief Executive of London Councils would commission individuals to take on these 'Lead' roles for the twelve month period starting on September 1st each year. In practice, some 'Leads' might play the same role for 3-4 years – but the process would be renewed annually as above. The completed list would be reported annually to the October Leaders' Committee for information. In addition, picking up on the point about stronger two way communication made earlier, there may be merit in producing some straightforward briefing about the identity of chief executives across London for leading members more generally.

13. In undertaking this commissioning role, the Chief Executive of London Councils, working with the Chair and Deputy Chair of CELC, would need to take account of:

- the expressed view of the Executive about areas of potential support and the relationship to decisions made at the London Councils AGM about portfolio areas;
- expressions of interest from individuals;
- existing areas of experience, interest and expertise;
- the diversity of the boroughs that a group of chief executives work for (including geographical spread, nature of places, political control etc);
- the personal diversity within a group of chief executives commissioned to provide such support.

14. In addition, it may be that in many of these areas, a support group of chief executives and senior professionals needs to be established to act as a guide/sounding board for the work of the 'Lead' Chief Executive and senior London Councils policy staff in preparing options for members. These types of group would need to secure appropriate professional representation and participation, allied to a balanced membership, including for all sub-regions. These groups would build on a number of such groupings that have already been established.

15. It is proposed that through London Councils officers, Lead Chief Executives and supporting groups would, where appropriate, be part of briefing London Councils portfolio holders, or other groupings – potentially all relevant sub-regional political leads on a particular topic. This would be on a periodic basis and such Lead Chief Executives would work with officers to present options for collective political consideration. From time to time, relevant 'Lead' Chief Executives would attend formal member meetings (eg Leaders' Committee, Executive) to be part of the advisory capacity available to members. It may be that the London Councils Executive would, from time to time, wish to invite the 'Lead' Chief Executives collectively to join them when it is taking a longer term, strategic view of priorities. This could help inform business planning – which would be a means for capturing the nature of what is being commissioned from such contributions and reviewing how effective London local government had been in pursuing its ambitions.

16. This proposition is designed to harness a broader contribution from chief executives and others to support the collective political leadership of London Councils via Leaders' Committee. In making that contribution, chief executives would, via London Councils, be accountable to that collective political leadership. In doing so, it would be expected that

such Lead Chief Executives would seek, via supporting groups and other means, to secure the engagement of colleagues more generally in pursuit of those aspirations that Leaders had agreed upon. It is envisaged that this mode of operation would apply to matters of the highest political priority as determined by Leaders' Committee. Beyond those areas, CELC members would continue to work collectively on a range of themes and issues that support its chief executive members to do their jobs in boroughs most effectively. These would be likely to be in the sphere of operational, managerial and professional matters that chief executives and others would wish to collaborate on, but that were not identified as being the highest immediate political or policy priority collectively for London Councils Leaders' Committee.

17. Whilst those types of activity would not be part of the London Councils commissioning framework as proposed, London Councils would still continue to work with chief executives and other professional groupings on activities linked to these and other areas as it does now. London Councils is, after all, a resource for London local government politically, professionally and managerially and it tries to help promote useful linkages between all of those spheres. It also does not mean that such work would not, from time to time, be reported to members, including Leaders' Committee, as is the case now.

Self Improvement

18. The Challenge report stated that:

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

19. The approach referred to as having been developed with the LGA is attached at Appendix 1 for information.

20. It is proposed that Leaders' Committee be invited to consider an annual report from the Self Improvement Board. It may wish to consider how best to secure input from the LGA Improvement Board as well so that the efficacy of the joint work across the sector to

promote self improvement in London – as aspired to in the document at Appendix 1 – can be considered.

Conclusion

21. As indicated earlier, this report attempts to set out a means by which the broader contribution of London local government, in particular from chief executives, can best be harnessed to support London local government's collective political leadership via London Councils.

Financial Implications for London Councils

None

Legal Implications for London Councils

There are no direct legal implications for London Councils specifically flowing from this report. Legal advice would be sought on any implications flowing from a more detailed Memorandum of Understanding.

Equalities Implications for London Councils

The Chief Executive will have regard to equality considerations as part of the process described in paragraph 13.

Appendix 1

Addressing poor performance and potential failure in London – Agreed Principles between Self-Improvement Board and LGA (May 2016)

Introduction

1. This paper provides broad guidance to the management of efforts to address poor performance and potential failure – either corporately or in key service areas – in London local government. It seeks to reflect the roles of the national local government family – via the LGA – and local government in London – via both London Councils and senior professional networks, led by the Chief Executives London Committee (CELC).

Issue

2. The key issue is: how do we ensure that there is a ‘bottom up’, London-led approach to detecting where our councils may be at risk of poor performance and, in some cases, corporate or service failure and how we can help secure tailored improvement support and uphold the reputation of London local government?
3. London local government, London Councils and the LGA are committed to working in close partnership with it on these issues. We fully support the principles that the LGA has set out to underpin an approach to sector led improvement and dealing with poor performance. London has a strong track record of working collaboratively and there is likely to be significant value in working with its established structures and building upon its strong commitment to its own mutual challenge and mutual support. Equally, we wish to work with the LGA Principal Adviser for London and, where appropriate, access national support from programmes, peers and wider improvement infrastructure.

Proposition

4. We, below, briefly set out a number of potential stages in preventing and dealing with poor performance and potential corporate or service failure in London authorities.

Stage 1: Identifying signs of potential failure

5. The LGA’s Independent Advisory Board, chaired by Steve Freer, concluded that ‘it is important to recognise some of the indicators which may give rise to performance failures which include:-

- *a lack of trust and confidence in relationships between leading members and senior staff;*
- *adoption of high risk change strategies;*
- *disengagement from the wider community of local government;*
- *significant financial difficulties and/or inability to gain agreement for an appropriate financial strategy.*

6. We agree with this conclusion and that these are the signs that we should be monitoring against. There is a range of evidence, indicators and intelligence we would use to consider whether there were, potentially, service or corporate issues of such significance emerging in specific London boroughs. This range includes:

- published data on performance and from inspection;
- reports from councils on key performance or financial strategy/management issues;
- data from LAPS tool;
- data from LG Inform;
- feedback from chief executive to chief executive peer discussion;
- informal feedback from senior professional groups – in particular the Association of London Directors of Children's Services, the Association of Directors of Adult Social Services in London and the Society of London Treasurers;
- Independent regulator Auditor reports on financial health of councils and any NAO reports on financial systemic issues within the sector;
- other intelligence and observations from LGA Principal Advisor and from LGA regional advisors in specific service areas, e.g. Children's Services;
- other soft intelligence via senior professional and political networks.

7. Most of those are, of course, signs of a potential issue – not hard evidence of its existence. We would treat them accordingly. It is very important that, based on such signs, we do not seek to make a judgment on any individual authority. We are very mindful of the danger of people feeling that they are being judged by 'gossip' or by hearsay. Based, however, upon this range of information, it is proposed that the Chair of the Self-Improvement Board, working with relevant colleagues on the CELC Steering Group (primarily the relevant policy lead) and the Chief Executive of London Councils, judge whether it is appropriate to seek a discussion with the Chief Executive of an authority that may be causing concern.

Stage 2: Initial Engagement

8. The Chair of the Self Improvement Board would seek to discuss the issue with the relevant chief executive. In cases of specific service concern, it may be appropriate to include

relevant London professional leads and CELC service/policy lead in this discussion also. Peer to peer chief executive discussions may inform this stage, but the meeting with the Chair of the Self Improvement Board would need to be outside of that process. The LGA's Principal Advisor for London would also be consulted on such meetings, as would appropriate LGA regional advisors in specific service areas. e.g. Children's Services.

Stage 3: Post Engagement Action

9. A number of possible outcomes could flow from Stage 2. These include:

- there is a satisfactory resolution which indicates that there is not an issue of major substance and any focus or attention should be upon correcting anything about the *appearance* of a potential concern;
- there is recognition that there is a performance challenge, but the council is well aware of it and has appropriate steps in place to deal with the issue. In this case, it may be relevant for the Chair of the Self-Improvement Board to ensure that it was an issue that was flagged as part of any future chief executive to chief executive peer arrangements;
- there is recognition that there is a performance challenge and that there is the need for some support from others in the sector. This may be about trying to broker some simple mentoring for individuals, exposure to good practice, joint sessions with management teams, secondments or peer support etc. On a case by case basis we would seek to facilitate some specific London support where this appeared likely to address the issue most effectively;
- there is recognition that there is a performance challenge and that significant support is required from LGA based programmes, peers or the London led element of the national improvement programmes around children or adults. The Chair of the Self Improvement Board supported by the Chief Executive of London Councils, would liaise with the LGA Principal Adviser on brokering this;
- there is recognition that there are cases representing a very significant performance challenge and that the seriousness of those, the national profile of them and the scale and nature of the support required means that the leadership of the engagement should rest with the LGA. In these cases, the LGA will work in close consultation, at

all further stages, with the Chair of the Self-Improvement Board, any relevant lead chief executive and the Chief Executive of London Councils.

10. It is also the case that, in a very small number of cases, sector led efforts at improvement – in London, nationally or both in combinations – will not be capable of helping secure the sort of improvement necessary to avoid central government intervention.

Political oversight

11. We acknowledge the role that the LGA plays in this environment and the type of information that is shared with its members on a confidential basis.
12. In respect of political involvement in London, we believe it is appropriate for the relevant Group Leaders at London Councils to be briefed privately of any significant activity that takes place at the more significant, latter end of Stage 3 as set out above.
13. We would seek the agreement of the Group Leaders to treat this information in confidence and to only use it when they were asked to provide some additional support or intervention – possibly helping source a particularly experienced London member to help in a particular case or to provide some specific encouragement to the political leadership in the relevant authority in respect of necessary actions that may need to follow.
14. The Chief Executive of London Councils would be responsible for briefing Group Leaders supported, as appropriate, by the Chair of the Self Improvement Board.

Leaders' Committee

Summaries and Minutes

Item no: 8

Report by: Derek Gadd **Job title:** Head of Governance
Date: 21st March 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:

- Pensions – 8 February 2017
- TEC Executive – 9 February 2017
- GLEF – 9 February 2017
- Executive – 28 February 2017

Pensions CIV Sectoral Joint Committee (PSJC)

8 February 2017

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Wednesday 8 February 2017 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	-
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	-
Camden	Cllr Rishi Madlani
Croydon	-
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Greenwich	-
Hackney	-
Hammersmith and Fulham	Cllr Iain Cassidy
Haringey	-
Havering	-
Harrow	Cllr Nitin Parekh
Hillingdon	Cllr Michael Markham (Deputy)
Hounslow	Cllr Mukesh Malhotra
Islington	Cllr Richard Greening
Kensington and Chelsea	-
Kingston Upon Thames	Cllr Eric Humphrey
Lambeth	-
Lewisham	Cllr Mark Ingleby
Merton	Cllr Imran Uddin
Newham	-
Redbridge	-
Richmond Upon Thames	-
Southwark	Cllr Fiona Colley
Sutton	-
Tower Hamlets	Cllr Clare Harrisson
Waltham Forest	Cllr Simon Miller
Wandsworth	Cllr Maurice Heaster
City of Westminster	Cllr Suhail Rahuja

Apologies:

Barnet	Cllr Mark Shooter
Bromley	Cllr Teresa Te
Hackney	Cllr Robert Chapman
Haringey	Cllr Clare Bull
Havering	Cllr John Crowder
Hillingdon	Cllr Philip Corthorne
Kensington & Chelsea	Cllr Quentin Marshall
Newham	Cllr Forhad Hussain
Redbridge	Cllr Elaine Norman
Richmond-upon-Thames	Cllr Thomas O'Malley

Officers of London Councils were in attendance as were Lord Kerslake (Chair, London CIV), 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.

3. Minutes of the PSJC meeting held on 13 December 2016

3.1. The minutes of the PSJC meeting held on 13 December 2016 were agreed.

4. London CIV 2017/18 Budget and Medium Term Financial Strategy (MTFS)

4.1. Lord Kerslake (Chair, London CIV) introduced the report, which provided members with the CIVs budget proposals for 2017/18 and the medium term financial strategy over the next 5 years. He noted that:

- £3.3 billion AUM had been placed into the fund, as at 31 December 2016, and around £1.5 million of net annualised fee savings were being delivered so far;
- LCIV had made good progress and had now reached a critical moment in its development which would require additional upfront funding and resources to ensure delivery of the plans; and
- The plans suggest a target AUM of £14.1 billion by March 2022; it was thought that this could be increased to around £19 billion with a 'fair wind', which would lead to the proposed development funding charge being eliminated 2 years earlier.

4.2. Councillor Heaster said that extra staff resources would be needed at least in the short term. He said that the budget did not include any additional income from charging a fee on the passive funds – this £¼ million could be used to help deliver this budget and potentially fund some of the additional resource. It was hoped that the CIV Board would come back to Pensions CIV Sectoral Joint Committee (PSJC) with details on this.

4.3. Councillor Heaster asked if the Board could look into the possibility of using the flexibility of investing with other pools, outside of the London pool. Lord Kerslake said that the Board could look into this. Mr Grover (CEO, London CIV) noted that there was regular contact with the other pools and conversations about collaboration, particularly with LPP, but most other pools were still being established and so didn't present immediate opportunities but all options would be considered going forward.

4.4. Councillor Heaster noted that experienced professional staff would be needed in order to achieve the plans and that there may be challenges in finding those staff at appropriate remuneration levels. He encouraged a degree of flexibility in

recruiting, including considering the possibility of employing part-time staff and using fixed term contracts. Lord Kerslake agreed that any and all options should be considered.

- 4.5. Councillor French said that Bexley supported the budget, although there was concern that the lack of staff was causing delays and this needed to be addressed. Any areas where there was the potential for duplication between London CIV and the local LGPS funds also needed to be avoided.
- 4.6. The Committee considered the report and agreed London CIV's 2017/18 budget.

5. London CIV 2016/17 Financial Report

- 5.1. Brian Lee (Chief Operating Officer, London CIV) introduced the report noting that the financial report covered the nine months up to December 2016. He confirmed that everything was currently on target with no shortfalls and the forecast was on track to be achieved.
- 5.2. The COO highlighted that although the operating loss was lower than forecast this was largely due to a timing difference on expensing certain costs and would be on budget by the end of the financial year..
- 5.3. The Committee agreed to note:
 - i. the financial report for the nine months to December 2016;
 - ii. the updated forecast to March 2017; and
 - iii. the capital adequacy position of LCIV as at December 2016.

6. Investment Advisory Committee (IAC) Update

- 6.1. Ian Williams (Chair of IAC) introduced the report and made the following comments:
 - IAC had met twice since the last CIV Joint Committee meeting (December and January)
 - Global Equities procurement successful and IW thanked all for contributions
 - Fixed income and stewardship outlined and discussed
 - MiFID2 consultation and response submitted by CIV but FCA not seeming to understand scale of problem this causes and how it compromises pooling agenda
 - Further working group on reporting and transparency established
 - Actuarial valuation – Borough Funds generally in a better position
 - The IAC treasurers were looking forward with the CIV with regards to the Governance Review
 - There would be an item on housing/infrastructure going to the next IAC meeting.

- 6.2. The CEO said that a further report on infrastructure could be brought to the next, or a subsequent CIV Sectoral Committee meeting, with a specialist being brought in to talk on the issue. Alternatively, a workshop on infrastructure could be convened for CIV Sectoral members to attend.
- 6.3. The Chair asked whether “infrastructure” referred specifically to taking on equity interests or investing in solid return investments. Julian Pendock (CIO) said that the issue of infrastructure had been discussed with Hermes, and a detailed definition of “infrastructure” could be sent around to members.
- 6.4. Members felt that a workshop on infrastructure investment would be a good way forward. The Chair said that a workshop on infrastructure should be convened, and a short paper outlining the outcome should be brought to the CIV Sectoral Committee.
- 6.5. Councillor Simon asked for a progress update on Black Rock. The CIO said that Jill Davys was co-ordinating with Black Rock and fee savings would be back dated to the 1st January 2017. The Chair said that fee savings should be made clearer in the financial report, as well as being highlighted in a footnote.
- 6.6. The Committee:
- (i) agreed that a workshop on infrastructure should be convened and a short paper of the discussions of this workshop would be brought back to the CIV Sectoral Committee;
 - (ii) agreed that fee savings would be made more specific in the financial reports brought before the CIV Sectoral Committee; and
 - (iii) noted the contents of the report.

7. Investment Report and Fund Update

- 7.1. This item had been moved to the “exempt” part of the agenda.

8. London CIV Stewardship Update

- 8.1. The CEO introduced the report noting that the substantive element covered London CIV’s draft Stewardship Code Statement of Compliance for the committee to consider and comment on ahead of it being presented to LCIV’s Board for adoption.
- 8.2. Members thanked the Board and London CIV staff (particularly Jill Davys, AD Client Management) for arranging the recent stewardship seminar, noting that it was a good event. Thanks were also noted to the City of London for hosting the event.
- 8.3. The Committee:
- i. Considered and noted the contents of this report; and
 - ii. Approved the LCIV draft Stewardship Code Statement of Compliance

9. Passive Funds Fee Proposal

- 9.1. Mr Grover introduced the report noting that LCIV had been asked to consider options for charging a fee to the London Local Authorities (LLAs) on passive funds held outside of LCIV. This report presented those options and gave proposals for which option might be preferred. He further noted that the options had been discussed with officers in the IAC and the report represented the collective view of that committee.
- 9.2. It was also noted that Mr Grover would raise the proposals separately with LB Sutton as Councillor Gordon was not present at the meeting and had expressed some concerns over this issue.
- 9.3. Councillor Rahuja asked for an estimate of what the fee savings would be from Black Rock. Jill Davys said that this would amount to approximately £400,000. Councillor O'Malley voiced concern that there were not sufficient resources going into the CIV to progress with this proposal.
- 9.4. The Committee:
 - i. agreed to adopt an AUM based fee to be charged to the LLAs benefitting from reduced fees negotiated by LCIV on any passive funds managed outside of the LCIV;
 - ii. agreed that the preferred fee scale to be charged would be 0.5 bps from the options in Annex B of the report;
 - iii. agreed the date of 1st April 2017 for implementation of passive fee charges to commence and for a review of the fees to take place after five years; and
 - iv. agreed that LLAs investing in passive funds where reduced fees had been negotiated by LCIV were charged from the first full month after subscribing to the passive fund.

10. Markets in Financial Instruments Directive 2 (MiFID2)

- 10.1. Mr Grover introduced the report and made the following comments:
 - the LCIV was actively engaged with the LGA and colleagues across the country to discuss MiFID2 implementation with the FCA;
 - the LGPS was the only scheme that appeared to be caught by MiFID2 as all other European local government pension schemes were believed to be structured as separate organisations and not embedded in local authorities;
 - the paper set out the FCA's proposals at the current point in time, but it was anticipated that changes would be made before full implementation in January 2018;
 - while LCIV might provide one mitigating option it would not be ready in time to take in all boroughs' assets by the implementation date;
 - officers of the IAC were involved with LCIV in considering the issue; and
 - there was confidence that a workable solution would be achieved.

10.2. The Chair asked if contact with the FCA beyond the current officer led group would be helpful. Mr Grover responded that it probably would.

10.3. The Committee discussed the contents of the report.

11. London CIV Governance Review

11.1. Lord Kerslake introduced the report and made the following comments:

- It was right to commission a governance Review now as LCIV had been operating for just over a year and the environment had changed with the Government now imposing a more mandatory model of pooling;
- LCIV's Board was committed to the review and the company would fund it, although input from the CIV Sectoral Committee and borough treasurers would be beneficial and appreciated. The aim was to set up a panel to steer the review and to select the organisation or people to carry it out;
- a draft scope and ToR was in the report for consideration;
- the aim was to finish the review and have the final report before the summer recess; and
- it was the intention to get input from as many people as possible in the review (investment/borough experts, CIV Sectoral members etc.);

11.2. Councillor Malhotra said that he was happy to provide input into the Governance Review.

11.3. Mr Grover noted that the committee had received a governance report from London Councils at its previous meeting. However, in light of the proposed governance review no further action would be taken on that for the time being.

11.4. The Committee considered and discussed the contents of the report.

12. Any Other Business

12.1. **London CIV Annual Conference:** Councillor Simon asked whether a programme had been produced for the annual conference. Mr Grover responded that the programme had not been published as the Local Government Minister had been invited to speak and his attendance had only just been confirmed. The programme would now be published.

12.2. Councillor Harrison requested that more notice be given for such events in future to enable members with work commitments to arrange the necessary time off to attend. Mr Grover confirmed that every effort would be made to give as much notice as possible.

The meeting closed at 11.29am

Leaders' Committee

Report from the TEC Executive Sub Committee – 9 February 2017

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 21 March 2017
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary: Summary of the minutes of the London Councils' TEC Executive Sub Committee held on 9 February 2017

Recommendations: For information.

1. Attendance: Cllr Julian Bell (LB Ealing – Chair), Cllr Daniel Anderson (LB Enfield), Cllr Feryal Demirci (LB Hackney), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Claudia Webbe (LB Islington), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Alan Smith (LB Lewisham), Cllr Jill Whitehead, Cllr Caroline Usher (LB Wandsworth), and Cllr Heather Acton (City of Westminster).

2. Apologies for Absence

An apology for absence was received from Christopher Hayward (City of London)

3. Green Infrastructure Paper

The TEC Executive Sub Committee received a paper that provided members with an update on progress on the recommendations for boroughs and London Councils made as part of the Green Infrastructure Taskforce, since July 2016, as well as an update on current work on green infrastructure.

The TEC Executive Sub Committee: **(i)** agreed that London Councils officers would report members' request that the map of central London's green roofs was outdated and should be removed from the GLA website; and **(ii)** discussed and noted the report.

.4. Damage to Highways Update

The TEC Executive Sub Committee considered a report that provided members with an update on work undertaken on damage to highways, since the TEC Main meeting in June 2015.

The TEC Executive Sub Committee: **(i)** agreed that further case studies would be placed on the London Councils' website (boroughs to let Jennifer Sibley know of any other case studies they had), **(ii)** agreed to lobby Government as opportunities arose, with a view to changing existing legislation with regards to claiming back costs for any damages to highways, and **(iii)** discussed and noted the report.

5. Transport & Mobility Services Performance Information – Quarters 2 and 3 in 2016/17

The TEC Executive Sub Committee received a report that detailed the London Councils' Transport and Mobility Services performance information in Q2 and Q3 in 2016/17.

The TEC Executive Sub Committee: **(i)** agreed to look at reviewing the performance indicator targets at the end of the financial year, especially the areas in "red" that consistently failed to meet the agreed

targets (ie Road User Charging - the “number of days to decide appeals – postal, personal and combined), and **(ii)** noted the report

6. Month 9 TEC Revenue Forecast 2016/17

The TEC Executive Sub Committee received a report that outlined actual income and expenditure against the approved budget to the end of December 2016 for TEC and provided a forecast of the outturn position for 2016/17. A surplus of £868,000 was forecast over the budget figure. In addition, total expenditure in respect of Taxicard trips taken by scheme members was forecast to underspend by a net figure of £621,000, if current trip volumes continued for the remainder of the year. The net borough proportion of this underspend was projected to be £424,000 with £197,000 accruing to TfL. However, as reported separately on the agenda, some boroughs were forecast to overspend their Taxicard budget and were required to action accordingly.

The TEC Executive Sub Committee: **(i)** noted that the variances against the TEC reserve benchmark of between 10 to 15% would be reported back to Committee on a quarterly basis, **(ii)** agreed to wait and see what the year-end outturn was for the current year before considering the impact of the underspends on the overall level of reserves, **(iii)** noted the projected surplus of £868,000 for the year, and the forecast net underspend of £621,000 for overall Taxicard trips, as detailed in the report, and **(iv)** noted the projected level of Committee reserves, as detailed in paragraph 5 of the report and the commentary on the financial position of the Committee included in paragraphs 6-8.

7. Minutes of the TEC Executive Sub Committee held on 21 July 2016 (for agreeing)

The TEC Executive Sub Committee agreed the minutes of the TEC Executive Sub Committee held on 21 July 2016.

8. Minutes of the TEC Main Meeting held on 8 December 2016 (for noting)

The TEC Executive Sub Committee noted the minutes of the TEC Main Meeting held on 8 December 2016.

The TEC Executive Sub Committee: **(i)** noted Councillor Clyde Loakes had agreed to represent London Councils on this litter steering group (an appropriate officer or Councillor Jennifer Brathwaite to provide back-up), and **(ii)** officers to look into the possibility of sharing and best practice

9. Any Other Business

The Chair gave thanks to Councillor Heather Acton (City of Westminster) for all her work on TEC. This was Councillor Acton's last TEC Executive meeting, owing to portfolio holder changes at Westminster.

It was noted that the costs to insure electric vehicles (EVs) was high, owing to the lack of qualified engineers available to repair them.

It was noted that the London Assembly Environment Committee had a list of the 8 most critical incidents that had been listed by Thames Water.

It was agreed to take the ongoing problems with Southern Rail and the problems and delays on the Gospel Oak/Barking line to the meeting with the Transport Commissioner on 16 February 2017, before any further action was taken by TEC on these issues.

The meeting finished at 10:44am.

Leaders' Committee

Report from the Greater London Employment Forum – 9 February 2017

Item no:

Report by: Steve Davies **Job title:** Head of London Regional Employers Organisation
Date: 21 March 2017
Contact Officer: Steve Davies
Telephone: 020 7934 9963 **Email:** Steve.davies@londoncouncils.gov.uk

Summary: Summary of the minutes of the Greater London Employment Forum held on 9 February

Recommendations: For information.

In Attendance: Cllr Jane Jones (Barking & Dagenham), Cllr Colin Tandy (Bexley), Cllr Margaret McLennan (Brent), Cllr Tim Stevens (Bromley), Cllr Alison Kelly (Camden), Cllr Doug Taylor (Vice-Chair) (Enfield), Cllr Ali Demirci (Haringey), Cllr Philip Corthorne (Hillingdon), Cllr Gary Heather (Islington), Cllr Gerard Hargreaves (Kensington & Chelsea), Cllr Kevin Bonavia (Lewisham), Cllr Mark Allison (Merton), Cllr David Marlow (Richmond), Cllr Simon Wales (Sutton), Cllr Guy Senior (Wandsworth), Helen Reynolds (UNISON), Mary Lancaster (UNISON), Jackie Lewis (UNISON), Jon Rogers (UNISON), Sue Plain (Chair) (UNISON), Simon Steptoe (UNISON), Gary Cummins (Unite), Danny Hogan (Unite), Susan Matthews (Unite), Penny Robinson (GMB), Vaughan West (GMB) and Jonathan Cules (GMB).

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

1. **Apologies for Absence:** Cllrs Bill Turner and Irma Freeborn (Barking & Dagenham), Cllr Yvonne Johnson (Ealing), Cllr Carole Williams (Hackney), Cllr Ben Coleman (Hammersmith & Fulham), Cllr Andy Hull (Islington), Cllr David Glasspool (Kingston), Cllr Paul McGlone (Lambeth), Cllr Fiona Colley (Southwark), Cllr David Edgar (Tower Hamlets), Cllr Angela Harvey (Westminster), April Ashley (UNISON), Sean Fox (UNISON), Maggie Griffin (UNISON), Gloria Hanson (UNISON), Danny Judge (UNISON), Neville McDermot (UNISON), Kim Silver (UNISON), Janet Walker (UNISON), Irene Stacey (UNISON), Dave Powell (GMB) and Wendy Whittington (GMB).

2. **Declarations of Interest:** Cllr Doug Taylor, Vice-Chair (Enfield) wished to record on behalf the Employers' Side that a number of Councillors are a member of UNISON which we do not have to declare at this meeting but we do declare on our declarations form.

3. Minutes of the Meeting held on 29 June 2016: The minutes of the meeting held on 29 June 2016 were agreed as a correct record.

4. Matters Arising: Item 6 – London Collective Investment Vehicle (CIV) Update (Page 6 of minutes)

- Mary Lancaster (UNISON) highlighted that the Union Side do not believe that the following sentence was in fact mentioned by Danny Judge (UNISON).

Danny Judge (UNISON) reported that he sits on Lambeth's Pension Board and so understands the value of being involved in this board. He explained how positive the experience has been in jointly establishing boards through the LGPS. He went onto highlight his concerns as the Government's agenda now appeared to the unions to be at the deficit of membership representation at a CIV (London regional level). London Councils Joint Committee has been established which he understood comprises of one nominated councillor from each participating borough. The trade unions stated that they find it unsatisfactory that they currently do not have a voice at the CIV Board level. The unions requested that participating boroughs consider how best scheme members can participate at board level.

- The Chair wished to record how informative and enjoyable the CIV Update was and would like to invite both Lord Kerslake (Non-Executive Chair, London CIV) and Hugh Grover (Chief Executive, London CIV) to attend a future meeting of GLEF for a further update.
- The Chair enquired whether any further consideration had been given by the London Councils Joint Committee for the unions to have a voice on the CIV Board.

Selena Lansley (Employers' Side Secretary) responded that CIV are currently undertaking a governance review which was agreed at Leaders on 7 February. Report due in the summer 2017.

Cllr Doug Taylor (Vice Chair) commented that in light of governance being a significant issue it may be better for CIV to return to GLEF after the report is published in the summer.

Apprenticeships – Page 8

Jackie Lewis (UNISON) raised in relation to apprenticeships the Greater London Authority (GLA) launched a report in January 2017 entitled 'Apprenticeships: an un-level playing field' which highlights that BAME and female apprentices tend to be clustered in low level, low pay apprenticeships. We should, as a whole, have a look at the outcomes of apprenticeships.

Link to GLA report: <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/apprenticeships-un-level-playing-field>

Simon Steptoe (UNISON) sits on the London Councils Young People's Education and Skills Apprenticeship Sub-Group and would welcome someone from this group attend to report on the differences on what boroughs pay apprentices.

GLPC JE Refresh Update – Item 8 Page 9

Mary Lancaster (UNISON) asked for feedback to Vicky Easton's comment on the number of trained GLPC trade union side representatives which had significantly depleted and requested that this be explored further.

Selena Lansley (Employers' Side Secretary) responded that this was an outstanding discussion at Joint Secretaries due to the retirement of Vicky Easton in November 2016.

5. Update – Memorandum of Cooperation (Moc)– Agency Children's Social Workers - Nick Hollier, Deputy Director HR and Corporate Support, LB Bexley: Nick Hollier informed colleagues that he was invited to attend today to give an update on the work of the MoC as agreed at the GLEF Joint meeting held on 11 February 2016.

Nick highlighted the following from his presentation:

- The Chief Executives London Committee ("CELC") identified the children's social work professional workforce as one of the three top risks to boroughs and commissioned the Heads of HR Network, supported by London Councils, to develop proposals to address this risk.
- Following discussion at the Heads of HR Network and CELC, a Memorandum of Cooperation was drafted and the support of boroughs sought (specifically from the key stakeholders)
- The Memorandum is not a legally binding agreement but a statement of intent of the collaborating boroughs to address key workforce issues relating to children's social work professionals.
- Before the Memorandum was in place boroughs were competing with each other in terms of staff and pay rates.
- The first focus of the MoC was to look at agency rates which were putting massive pressure on borough budgets and workforce practice.
- Regular surveys of agency and permanent pay and the workforce are undertaken.
- Contract/engagement with agencies on working practices.
- Discussions taking place to extending the MoC to Adults Social Care. This group are not as critical quite yet as Children's Social Workers but heading that way.
- Boroughs reporting that the agency cap is being implemented but are mindful that where boroughs get an OFSTED visit that we recognise for some roles some steps had to be taken to sustain these roles.
- Standard reference template agreed with boroughs. The template meets safeguarding requirements and addresses capability and performance.
- Working with Heads of HR to make sure the practice is what it should be.
- Agency practice improved due to engagement. Not as much poaching going on so more stability.
- The MoC has started to encourage people to move back into the workforce. The added issue of IR35 is also making people think about permanent with IR35 coming in to force on 6 April 2017.
- Heads of HR discussing/agreeing that boroughs will not be uplifting the rates when IR35 comes in to force.
- Signs of further development around collaboration and training. Further work being done with other regions so we all stay on the stage page.

In summary:

- Market has cooled.
- Boroughs have more regard in terms of pay and recruitment practices.
- Constructive dialogue with agencies on key issues.
- Readiness to seek/discussion shared solutions.

6. Brexit Workforce Implications for London Local Government – Dr Penny Tamkin, Institute of Employment Studies (IES): Dr Tamkin mentioned that there will be nothing

controversial in her presentation. Today is an opportunity to showcase the work the IES has been doing on what Brexit might mean for the workforce.

The labour market and Brexit, whatever your personal view is, is a real issue in that uncertainty is the order of the day.

The IES has created a Brexit observatory tool which has been monitoring the analysis and thinking of experts, employers, trade unions and policy makers. Link:

<http://www.employment-studies.co.uk/brexit-observatory/>

Dr Tamkin presentation covered:

- Brexit themes
- Workforce implications
- The workplace

7. Mental Health in the Workplace – Dr Penny Tamkin, Institute of Employment

Studies (IES): Dr Tamkin informed colleagues that the IES has done a lot work around mental health in the workplace with organisations such as MIND and the police service. The IES is also part of a ministerial advisory group on mental health at work.

Mental health of the UK workforce has come under increased scrutiny in recent years as it has become clear that at least 1 in every 6 employees will have a mental illness at some point in their working lives.

Employers clearly have a 'duty of care' towards their employees and a responsibility to make reasonable adjustments to support both job retention and return to work, but many find these duties more complex in the case of mental illness compared – for example – with musculoskeletal disorders (MSDs). All of this is happening against the background of increased concern over the psychosocial work environment within which many public sector employees find themselves, increased scrutiny of sickness absence levels and the re-launch (in March 2017) of the Health and Safety Executive's 'Stress Management Standards'.

Dr Tamkin's presentation covered:

- IES work on mental health at work
- Mental illness in the UK workforce
- Health of the UK working age population – 2030
- Improving mental health
- Resilience – two perspectives
- BT – Line Manager MH Education

The Chair thanked Dr Tamkin for her presentations and highlighted to colleagues that 1 in 4 employees have mental health issues so would urge boroughs to undertake work risk assessments. Work needs to be done to give people security and to provide help and support.

The Chair mentioned that ACAS have produced a guide on overcoming workplace stress.

For more information: <http://www.acas.org.uk/index.aspx?articleid=782>

Cllr Simon Wales (Sutton) mentioned that several mental health charities have challenged local councils to sign up to become mental health champions. For further details the link is:

<http://www.mentalhealthchallenge.org.uk/>

8. Any Other Business: Danny Hogan (Unite) - Danny asked if the Employers' Side had any comment to make regarding yesterday's event in Parliament in relation to Surrey County Council doing a council tax deal.

Doug Taylor (Vice Chair) responded that he was a co-signatory of a letter that has gone to the Prime Minister today requesting that if Surrey CC get a deal then all councils want one.

Farewells

The Chair wished to give thanks to Jon Rogers (UNISON) for all the support he has given GLEF over the years and to wish him all the happiness in his retirement.

Doug Taylor (Vice Chair) informed colleagues that this was Selena Lansley's last meeting of GLEF and would like to give thanks for all the support she has given to GLEF over the last five years and to wish her well in her new position as Head of Workforce at the LGA.

Selena will be making a guest appearance at GLPC on 9 March 2017.

The meeting was concluded at 13.12pm

9. Date of Next Meeting: GLEF AGM - Tuesday 13 June 2017
Group Meeting: 10am and Joint Meeting: 11.30

DATES FOR 2018

GLEF

15 February 2018

Group Meeting: 10am

Joint Meeting: 11.30am

GLEF AGM

28 June 2018

Group Meeting: 10am

Joint Meeting: 11.30am

**Minutes of the Meeting of the Executive
Tuesday 28 February 2017 9:30am**

Cllr Claire Kober OBE was in the chair

Present

Member	Position
Cllr Claire Kober OBE	Chair
Cllr Peter John OBE	Deputy 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	

London Councils officers were in attendance

1. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Darren Rodwell.

2. Declaration of interest

Cllr Teresa O'Neill OBE declared a personal non-pecuniary interest in item 6 *Housing White Paper* as a member of the HCA board.

3. Minutes of the Executive Meeting held on 17 January 2017

The minutes of the Executive meeting held on 17 January 2017 were agreed.

4. Devolution and Public Service Reform – verbal update

The Chief Executive updated the Executive on progress made in further advancing previously agreed positioning on a number of devolution themes. Key points included:

- discussions with Government on some elements of the joint London proposition on business rate retention for possible inclusion in an expanded London pilot from 2018
- moving towards agreement on a further Health and Care Devolution Memorandum of Understanding
- establishing a platform for further discussions on securing greater local influence over employment and skills
- steps towards a potential Memorandum of Understanding on Criminal Justice Devolution
- further discussions on helping boroughs and TfL to reduce congestion on roads.

The Chief Executive said that it seemed likely that the Government, the Chair of London Councils and the Mayor would mark progress to date and commit to further discussions via some joint statement in the near future.

The Chair commented on the very fast pace of developments over the previous fortnight and Cllr Ray Puddifoot MBE expressed his concern that the Government might pass down responsibility but not funding.

On congestion, Mr Mark Boleat pointed out that the single biggest disincentive to businesses remaining in London was the difficulty of getting around in the city.

Cllr Peter John OBE said he had gained some impression that the Government may be less enthusiastic on Crossrail 2 and he was unsure what could be done to support the Mayor in pursuing the project.

Mayor Sir Steve Bullock argued that a narrative needed to be created that explained the inter-dependence of the UK economy and the importance of London to it.

The Chair concluded by pointing out that efforts needed to be made to frame a narrative on his point about inter-dependence between London and other parts of the country.

5. Transforming Health and Care through Devolution

Cllr Kevin Davis introduced the item saying that the draft Health and Care Devolution Memorandum of Understanding was close to being finalised. He felt it would be helpful if this could be complemented by London Councils undertaking some of its own work about a more locally-lead system of health and care.

Cllr Ray Puddifoot MBE said that local leadership would be key to addressing the challenge that the wider system faced.

Cllr Ruth Dombey OBE saw the important strands of work on integration in the Memorandum of Understanding, but that the connection between that integration and devolution needed to be more strongly developed..

Cllr Peter John OBE was not clear where the models were working and suggested that it would be helpful if London Councils could pull this together.

Cllr Davis concluded by emphasising his view that collaboration could only come with local leadership..

The Executive agreed that a report consolidating the discussion at the Executive would go to Leaders' Committee in March.

6. Housing White Paper

Mayor Sir Steve Bullock introduced the report saying:

- Discussions had been taking place with the new Housing minister Gavin Barwell MP
- The issue of right to buy for tenants of units built by local Housing Companies had been touched upon. The minister had indicated some greater flexibility and range of positions on these matters as some reports had suggested would be the case.

- The minister saw a clear role for boroughs in delivering on the White Paper aspirations in London. He was keen to work with London Councils and has agreed to address a London Councils event for Leaders, Housing Partnership leads and senior officers in April.
- He was happy to have a conversation about powers and potential resources coming to boroughs in exchange for a clear commitment to the construction of housing units
- There had been a welcome departure from the position of previous Housing minister's approach in that it was acknowledged that there was no solution in the short, medium or long term without an increase in rental supply

Cllr Puddifoot stressed again the importance of Housing Companies not being restricted by Right to Buy requirements.

The Chair said that she had seen a fair and pragmatic approach by the minister in her discussions with members of the Executive.

The Executive agreed to note the report.

7. London Councils Challenge – utilising the contribution of London Local Government more broadly

The Chief Executive introduced the report saying it worked with the grain of discussions at Leaders' Committee, the Executive and more widely including with CELC (the Chief Executives London Committee) and tried to address the issues of accountability and transparency for the process of commissioning support for London Councils' work.

Cllr Puddifoot argued that the report needed to be clearer about the flow of accountability in cases where Chief Executives were supporting the work of London Councils.

Cllr Davis commented that it was important that issues did not emerge from CELC that ran ahead of political direction. There needed to be a relationship between Chief

Executives commissioned to support the work of London Councils and the London Councils portfolio-holders.

Cllr Lib Peck asked for more emphatic language around this paragraph:

Leading members at London Councils – both via an Executive Awayday discussion in November 2016 and a private discussion amongst Leaders in December 2016 – have affirmed their view that this conclusion needs to be progressed as part of the follow up to the Challenge process. There is a view that the arrangements need to be clear and transparent and that when CELC members are operating in support of London local government's collective political leadership via London Councils, there needs to be a flow of accountability back to the London Councils' Leaders' Committee.

The Chief Executive responded by saying that CELC was both a voluntary network designed to help Chief Executives to do their job effectively in their own places as well as a body that was keen for its members to be of service to the collective political leadership of London local government through London Councils.

There were different functions and Chief Executives owed different types of accountability to members – locally and across London – depending upon which of their roles they were operating in at any particular time . The primary intention of the papers and the proposition was to facilitate a means to commission Chief Executives to carry out particular pieces of work and make greater use of this resource.

The Chair concluded by saying that the report would be clarified to reflect the comments made but that the proposition was an important step towards harnessing an important resource in a transparent and accountable fashion for the benefit of London Local Government as a whole.

The Executive agreed to note the report.

8. Month 9 Revenue Forecast 2016/17

The Director of Corporate Resources introduced the report saying that it was the last report of the financial year and showed a projected underspend of just under £2m. Parallel reports would be going to TEC and Grants Committee.

Cllr Puddifoot asked that a minor error in which a 'debit' was referred to as a 'credit' was corrected but apart from that saw the report as being reflective of a good budget position especially given the current overall state of local government finance.

The Executive agreed to note the overall forecast surplus as at 31 December 2016 (Month 9) of £1.995 million, compared to £1.758 million as at Month 6, and to note the position on reserves as detailed in the report.

9. Debtors Update Report

The Director of Corporate Resources also introduced this report saying that the level of historic debt had been reduced to £5,000. In addition, for the first time, he was able to report that not a single borough had any significant debt dating back over 60 days old.

The Executive agreed to note the report and to approve the write-off of £18,750 in respect of three invoices to recover European Social Fund (ESF) community grant funding.

Action points

Item	Action	Progress
5. Transforming Health and Care through Devolution	PAPA Health	Ongoing
<ul style="list-style-type: none">A report to go to Leaders' Committee in March.		

The meeting ended at 10:15