LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2015

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

Contents

REVIEW OF THE YEAR

Introduction

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

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

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

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

- a statutory responsibility to set decriminalised parking penalties and other additional parking charges within London;
- a statutory responsibility to operate the Parking and Traffic Appeals Service, which allows individuals to appeal to the independent parking adjudicator over decriminalised parking penalties and its extension, under contract to the Greater London Authority (GLA), to provide the same service for road user charging adjudicators;
- the operation of the Towing, Removal and Clamping Enforcement (TRACE) service, which provides 24 hour information on the recovery of towed-away vehicles;
- electronic link services between the London local authorities and the Traffic Enforcement Centre;
- the operation of the Health Emergency Badge scheme, giving front line medical staff parking privileges when attending emergencies;
- general co-ordination of parking regulations and enforcement policies including the maintenance of London-wide Codes of Practice;
- provision of advice and information on parking regulation and enforcement;
- operation and enforcement of the London Lorry Control Scheme (for 29 boroughs) which controls use of residential roads by Heavy Goods Vehicles at night-time and weekends; and
- the operation of the Parking on Private Land Appeals (POPLA) for London and the whole of England and Wales under contract to the British Parking Association (BPA).

TEC has statutory responsibility under London Local Authorities Acts 2004 and 2007 for setting the level of a number of fixed penalties for some environmental, highways and public realm offences.

REVIEW OF THE YEAR (continued)

TEC also aims to ensure that London boroughs' concerns and best practice are taken fully into account in the development and implementation of the whole range of transport and environment policies – in particular those developed by Government departments and the Mayor of London. It deals with a wide array of policy issues including those relating to rail, tube, buses, roads, walking and cycling, waste management climate change, local environmental quality, energy and fuel poverty, air quality and flood risk management. London Councils' Leaders' Committee and its Executive consider transport and environment policy matters of strategic importance and the TEC Chair liaises closely with the Portfolio Holder for Infrastructure, which is a new role established in the autumn of 2014.

The year in review

Mobility

The Freedom Pass provides free transport on almost all public transport in the capital to around 1.3 million older and disabled Londoners. The Freedom Pass is a much valued service for Londoners that has been run and paid for by London boroughs since 1986. In 2014/15 boroughs collectively contributed over £347 million for the Freedom Pass.

Following successful negotiations, TEC agreed:

- the Freedom Pass settlement for the 2015/16 with Transport for London (TfL), achieving a below inflation increase;
- a further two year Freedom Pass settlement agreement with ATOC until March 2017; and
- the publication of the 2015-2016 London Service Permit (LSP) Concessionary Scheme for Freedom Pass with local bus operators (non-TfL buses).

London Councils continued to implement the Government's change in age eligibility for concessionary travel which moves the eligible age gradually from 60 in line with the women's state retirement age. By March 2015, the eligible age for Freedom Pass was around 62 ½ years. The Pension Act 2011 provision which came into force on 3 December 2012 changed the age of eligibility to 66 from 2020. People born on or after 6 October 1954 will therefore now not get their pass until their 66th birthday.

During 2014/15, London Councils completed the renewal of 801,000 expiring Freedom Passes (733,000 older / 68,000 disabled), at a cost of £2.3 million at the end of March 2015. The carefully planned renewal process was a complete success, especially the newly developed on-line portal. 74% of older pass holders renewed online, which far exceeded the target of 50%.

Following the announced withdrawal of the Post Office service for new Freedom Pass applicants, TEC agreed the development of new online and postal application process, which go live in June 2015.

The Taxicard scheme continued to provide subsidised journeys in licensed taxis and private hire vehicles to its 79,000 members who made 1.27 million trips. The scheme is available to eligible Londoners 24 hours a day, 365 days a year, and is funded by the participating London boroughs and the Mayor of London.

Parking and Traffic

The London Lorry Control Scheme continued to provide environmental benefits, particularly protection for residents' quality of sleep by controlling the movement of Heavy Goods Vehicles (HGVs) on residential roads at night-time and at the weekend. The introduction of improvements to administrative and enforcement processes has helped make 2014/15 the first year that the scheme has been operated at no cost to the boroughs.

REVIEW OF THE YEAR (continued)

The ever increasing level of cycling and the tragic number of cyclist fatalities and injuries in London heightened concerns about cycle safety, particularly the risk of conflict with larger vehicles. London Councils has continued working closely with Transport for London to reduce risks to cyclists' safety. Following the individual agreement of every single London highway authority TEC agreed the implementation of the London Safer Lorry Scheme, which will require the fitting of special safety equipment to all vehicles over 3.5 tonnes, at all times and on all streets in London. Enforcement of the scheme will start in September 2015.London Councils provided a detailed response to the Government's proposals for parking reform and lobbied to change the proposed legislation to ensure boroughs retain sufficient powers to enforce and manage parking effectively. This resulted in a great deal of success, including retaining the ability to use CCTV enforcement for stopping offences outside schools and on red routes.

The TRACE service provided information on the whereabouts of towed vehicles to thousands of motorists across London.

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

The Parking and Traffic Appeals Service (PATAS)

The Parking and Traffic Appeals Service (PATAS) continued to provide administrative support to the parking and traffic adjudicators who are appointed by TEC to deal with appeals against parking, moving traffic, bus lanes, littering, waste receptacles and lorry control enforcement and the Road User Charging Adjudicators (RUCA) who consider Congestion Charging and Low Emission Zone appeals. The service administered almost 70,000 appeals during the year.

TEC provide the support to the Road User Charging Adjudicators under on behalf of the GLA. In 2014/15 London Councils signed an extended agreement with the GLA to continue running supporting the tribunal until 4 December 2016.

As a result of the lease for the current premises at Angel Square in Islington coming to an end, the appeals services will be moving to Chancery Exchange, Furnival Street, near Chancery Lane. The move will take place in the first week of July 2015.

Following an extensive competitive re-tender process, TEC decided to award the contract for the provision of tribunal support services to a new service provider, Northgate Public Services (NPS) who will take over from the existing contractor CAPITA on 3 July 2015. The change in service provider will introduce some significant service improvements and cost efficiencies.

Parking on Private Land Appeals (POPLA) Service

Since its launch in October 2012 London Councils has been running an independent appeals service on behalf of the British Parking Association in respect of parking charge notices issued to vehicles parked on private land in England and Wales. The number of appeals heard by POPLA has continued to increase to over 30,000 per year.As the three-year full cost recovery contract agreed with the BPA comes to an end on 1st October 2015, London Councils took part in a competitive re-tender exercise to retain the POPLA contract but was unsuccessful. The service is therefore being transferred to a new provide, the Ombudsman Service.

REVIEW OF THE YEAR (continued)

The London European Partnership for Transport (LEPT)

The London European Partnership for Transport (LEPT) helps boroughs access European funding for transport projects. Following successful bids, the London Councils' LEPT team are currently leading two European projects, STARS and PTP Cycle. These projects aim to increase the amount of cycling by school children and in residential areas. Both are now in the delivery stages. PTP-Cycle is rolling out Personalised Travel Planning (PTP) programmes across two wards in Haringey and Greenwich covering 10,000 households supporting the boroughs' wider smarter travel activities. The STARS project sees Hackney take even greater steps towards increasing sustainable school travel in the borough; one example is the Cycle Challenge, which sees pupils in nine EU cities compete to cycle the most.

LEPT has also led a comprehensive set of briefing activities to London borough officers on the new 2014-2020 EU funding programmes, through workshops, one to ones and presentations at sub regional partnership meetings. 2014/15 has again seen an increase in the level of borough activity in EU bidding, with LEPT leading a bid for Horizon 2020 funding for a substantial project called OPTIMOVE in line with TfL's Movement and Place typology and assisting Boroughs and sub-regional partnerships in 6 different bids as consortium members. The OPTIMOVE bid successfully reached the final stage of assessment but did not receive funding approval.

Transport and Environment Policy

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

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

- improving bus services including convincing TfL to re-evaluate their borough consultation and engagement process;

- encouraging walking and cycling;

- promoting road safety, especially for vulnerable road users;

- continuing TEC's representation on the Thames Regional Flood and Coastal Committee (Thames RFCC) and agreeing Joint Working Arrangements between TEC and the Thames RFCC to improve communication between the bodies;

- supporting the Thames RFCC's plans for its six year programme of investment, resulting in unprecedented amount of funding being allocated to it;

- supporting a new partnership between LWARB and WRAP to tackle contamination, recycling in flats, and food waste. These align with the challenges identified in research carried out by London Councils in 2013-14;

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

- improving energy efficiency through the RE:NEW programme;

REVIEW OF THE YEAR (continued)

- agreeing a Car Club Strategy with TfL to encourage a reduction of cars used in London;
- were successful in getting through the screening stage for the OLEV Go Ultra Low City Scheme, bidding jointly with TfL and GLA for £20m of investment in electric charging infrastructure and schemes;
- continuing to support proposals for Crossrail 2;
- lobbying for changes to the Deregulation Bill 2015 which has reduced boroughs' powers with regard to waste receptacles; and
- supporting the implementation of the Roads Task Force recommendations, together with partners.

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

Air quality

- The House of Commons' Environmental Audit Committee's Inquiry on Action on Air Quality.
- TfL's Ultra Low Emission Zone proposals.

Crossrail 2

- TfL / Network Rail consultation on Crossrail 2.

Flooding

- Defra consultation on the Bellwin scheme.

Road Safety

- Response to TfL's consultation on the draft Pedestrian Safety Action Plan.
- Response to TfL's consultation on the draft Cycle Safety Action Plan.

Waste

- London Assembly Investigation into the management of food waste in London.
- Defra consultation and call for evidence on the Waste Prevention Programme for England.

Climate change

- London Assembly Economy Committee investigation into the support boroughs provide to businesses to help them prepare for and mitigate against climate change.

The Committee engaged with key stakeholders, including:

- the Mayor and Deputy Mayor for Transport throughout the year including at Leader's Congress and through joint lobbying to government on behalf of London on a range of policy areas;
- the London Assembly Transport and Environment Committees,

REVIEW OF THE YEAR (continued)

- TfL throughout the year on key issues for London local government, including through regular scheduled meetings between the TfL Commissioner and TEC leads;

- Thames RFCC and the Environment Agency on the six year programme of flood defences and alleviation schemes benefitting London; and

- Government departments throughout the year including DfT, Defra, DECC and DCLG, including a meeting between the Chair of TEC and Matthew Pencharz with the Parliamentary Under Secretary of State for Water, Forestry, Resource Management and Rural Affairs, Dan Rogerson MP to discuss air quality.

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

Looking forward to 2015/16

Next year will see a number of significant challenges.

Around 1 million Freedom Passes with a 31 March 2015 expiry date will need to be replaced in early 2015. This is a major exercise and preparatory work is well underway including the development of an online portal to enable quick and easy renewal for the majority of card holders.

Work will continue to streamline the Taxicard card issuance and administration.

We will continue to introduce innovations to TRACE, on-line appeals, on-line evidence and the electronic transfer of data between PATAS and the Parking Enforcement Authorities (including TfL) as part of the existing contract with Capita for IT and back office administration. Work will also continue on the tender process for renewing the existing contract, which ends in July 2015. The contract specifications are being completely reviewed to ensure the new service provider(s) modernises the existing systems to achieve improvements for customers and efficiencies. The new contract(s) will be awarded towards the end of 2014.

We will develop an online enquiry facility for the TRACE service.

We will progress the proposed changes to the permit conditions of the London Lorry Control Scheme to require the fitting of side guards and additional safety mirrors to vehicles. Subject to the results of the consultation, the changes could be implemented by the end of 2014.

We will also continue working with TfL on their proposed Safer Lorry Scheme, which will require the fitting of the same safety equipment to all vehicles over 3.5 tonnes, at all times and on all streets in London.

The Transport and Environment Policy team is working on two main projects that have been agreed by the Leaders' Committee as part of the 2015/16 business plan:

- Strengthening local leadership for infrastructure investment; and

- Collaborating to enable boroughs to provide transport and environmental services at current or improved standards.

In addition to the policy projects, we will be continuing work in other key areas including strengthening borough capacity in terms of flood risk management and supporting further use of sustainable drainage and green infrastructure in new and existing developments. We will work with LWARB and Resource London to develop a Recycling Guarantee, and continue to influence the Mayor's plans for an Air Quality Management process in London.

REVIEW OF THE YEAR (continued)

We will continue to support TfL with its plans for Crossrail 2 and lobby for devolution of funding mechanisms that could be used to fund Crossrail 2 as well as other infrastructure in London. London Councils will continue its joint bid with the GLA and TfL for Office of Low Emission Vehicles (OLEV) funding.

We will work with the Mayoral candidates to ensure they are aware and supportive of our policy asks and try and get them reflected in their manifestos.

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

Financial Information

The Director of Corporate Resources has pleasure in presenting the accounts for 2014/15. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 11)
- Movement in Reserves Statement (page 23 - 24);
- Comprehensive Income and Expenditure Statement (page 25);
- Balance Sheet (page 26);
- Cash Flow Statement (page 27); and
- Notes to the Accounts (page 28 - 54).

Revenue expenditure

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

	Budget £000	Actual £000	Variation £000
Expenditure	50,127	49,310	(817)
Income	(49,645)	(49,005)	640
Interest income and expenditure	-	179	179
Deficit for the year	**482**	**484**	**2**
Transfer from/to Reserves	(482)	(2,835)	(2,353)
Surplus for the year including transfer from reserves	-	**(2,351)**	**(2,351)**

A deficit on revenue activities of £484,000 has been posted for 2014/15 which, after a net transfer of £2.835 from reserves has led to an overall surplus after net transfers from reserves of £2.351 million. The surplus is due to:

- **Lorry Control Administration/PCN income (-£711,000)** - The administration of the London Lorry Control Scheme underspent the budget of £549,000 by £10,000. However, there was a significant increase in the collection of PCN income of £701,000 above the budgetary provision of £450,000, due to continued effective performance of the outsourced enforcement function meaning that transaction volumes continue to increase, leading to higher levels of debt actually being raised and collected. In addition, the development of the Adaptis computer management system allows outstanding debt to be registered at the Court more quickly. Of the £1.151million income due for the year, £360,000 has yet to be collected and has been registered with the County Court. A bad debt provision of £288,000 has been established in respect of this outstanding amount, in accordance with usual accounting practice. This is an increase of £113,000 on the bad debt provision of £175,000 as at 31 March 2014, so the net surplus income reduces to £588,000 for the year;

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

- **Freedom Pass non-TfL bus services (-£366,000)** - In December 2013, TEC approved a budgetary provision of £2 million for 2014/15 to cover the cost of payments to non-TfL bus operators resulting from the introduction of the national concessionary fares scheme in April 2008, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.671 million have been received and accepted for 2014/15, which together with a surplus of liabilities set up in relation to claims for 2013/14 of £37,000 has led to an underspend of £366,000;

- **Net Freedom Pass survey and issue costs (-£184,000)** - The budget for the pass survey and issue processes for the year was £950,000. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. To undertake these functions, which were previously undertaken by the Post Office and funded directly by boroughs, a contract was procured with effect from 1 July 2011, which runs up until the completion of the current Freedom Pass reissue exercise. Provisional total expenditure for 2014/15 is £954,331, which includes costs associated with the issuing of replacement Freedom Passes. However, a sum of £688,337 was collected during 2014/15 in respect of replacement Freedom Passes, £188,337 in excess of the £500,000 budgetary provision. In net terms, therefore, there was a surplus of £184,006;

- **Non Operational Staffing Costs (-£148,000)** - The non-operational employee cost budget of £595,000, plus £30,000 maternity cover, underspent by £144,000 at £481,000. This is primarily attributable to vacancies being held in respect of policy staff in the Policy and Public Affairs Directorate, leading to a reduced recharge to TEC for these salary costs. Non-operational salaries have been fully recharged, where appropriate, to reflect actual support to direct service and externally funded operations. In addition, allowances paid to leading TEC members also underspent by £5,000;

- **Traded Services (+£167,000)** - This net deficit position of £167,000 is made up of a number of elements, which have been reported regularly to both the Executive and TEC during the year. These are listed below:

  - Firstly, there are two elements where the effect on income and expenditure levels produces a neutral effect and does not change the overall net surplus position:

    - A provisional underspend of £1.549 million for reduced payments to Northampton County Court, which is a borough demand led service for the registration of persistent non-payers of parking PCN's in the County Court at £7 per time. The costs are fully recovered from boroughs, leading to a compensating reduced level of income collected for the year.

    - Expenditure on congestion charging appeals is estimated to be £248,000, £72,000 less than the budgetary provision of £320,000. This is attributable to the number of appeals heard during the year of 6,497 being less than the budgeted figure of 8,000. The throughput of appeals is calculated at 3.28 appeals per hour, compared to 3.55 per hour for 2013/14. The cost of these appeals is recharged to the GLA/TfL at full cost, so there was a corresponding reduction in income due for the year of £72,000, which therefore has a zero effect on the Committee's provisional financial position for the year.

  - Secondly, there is a net deficit of £132,000 in respect of parking and traffic appeals. The number of appeals and statutory declarations heard during the year was 55,318 against a budget of 70,000, generating income of £2.197 million, £500,000 less than the budget estimate. However, this is offset by a significant reduction in adjudicator, contractor and administration costs of £356,000. The throughput of appeals was 2.9 appeals per hour, compared to a budget figure of 3.29, and an actual figure of 3.38 appeals per hour for 2013/14.The number of live parking appeals to be heard as at 31 March 2015 was 4,164, compared to 6,204 for 2013/14, which broadly equates to the notice of appeals received during the last month of the financial year.

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

  - Thirdly, there has been a reduction in the use of other parking systems by boroughs and TfL, particularly the TRACE system. This has led to a reduction in income of £68,000 for the year offset by an increase in variable unit charges of £34,000 payable to the contractor, Capita. The projected net deficit for other parking systems is, therefore, £34,000. In addition, the fixed cost element of the Capita contract has marginally overspent by £1,000, due to minor variations in service levels and system access developments

- **Parking on Private Land Appeals – (-£1.198 million)** – The reversal of the liability recognised in the accounts with respect to the POPLA service;

- Residual variances of +£89,000.

Budget for 2015/16

On 11 December 2014, the full TEC Committee approved a total expenditure budget for 2015/16 of £49.136 million, exclusive of the borough payment of £327.922 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources were estimated to be £49.136 million.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

The Director of Corporate Resources has also:

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

Responsible Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Committee at 31 March 2015 and of its income and expenditure for the year ending 31 March 2015.

F Smith CPFA
Director of Corporate Resources

24 September 2015

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 24 September 2015, the statement of accounts were approved on behalf of the Committee.

Roger Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

24 September 2015

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

London Councils has approved and adopted a code of corporate governance in the form of a framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of London Councils Corporate Governance Framework can be obtained from the Director of Corporate Governance at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011.

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

The governance framework

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegation in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 15 July 2014. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.

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

- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 15 July 2014. The financial regulations were reviewed and the changes approved by the Executive in February 2009. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.

- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and updated in 2011/12 and approved by the Audit Committee in March 2012. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2014. The Directorate Risk Registers are reviewed by the Audit Committee each financial year. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed. An internal audit review of London Councils risk management arrangements was carried out during 2011/12. The review established that risk management is an embedded governance control and there were no recommended improvements to the arrangements.

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

- **Discharge of the monitoring officer function –** The monitoring officer is a statutory whistleblowing role. The monitoring officer has a duty to present a report to the relevant body depending on the function, where he or she considers that the authority has acted or is about to act unlawfully or where there has been a finding of maladministration by the ombudsman against the authority. This role is undertaken by the appropriate officer at London Councils depending on the circumstances and would be one of: Chief Executive; Corporate Director of Services; Corporate Director of Policy & Public Affairs; Director of Corporate Resources; Director of Corporate Governance all of whom are issued with a job description which confirm their duties within the organisation. These posts are subject to London Councils appraisal arrangements which assess performance against agreed objectives.

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

- **Audit Committee** – London Councils' Audit Committee has its own comprehensive Terms of Reference. The Terms of Reference were reviewed by the Audit Committee on 24 September 2010. The Audit Committee meets three times a year and is chaired by a leading member from a borough who can be a member of the Executive. The members of the Audit Committee will normally, but not necessarily, be members of London Councils Leaders' Committee and with the exception of its chair, are not members of the Executive.

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

Review of effectiveness

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

- The Audit Committee's review of the governance arrangements in place during 2014/15.

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

Areas for development during 2015/16

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2015/16:

ICT Strategy, Security & Operational Control

A review of the Committee's ICT strategy, security and operational control was undertaken during 2013/14. The review revealed that whilst an adequate control framework was in place, there were a number of areas that required improved controls. Management has already taking action to address a number of the issues that were raised but there are still improvements to be made in areas such as system security and infrastructure during 2015/16.

Inventory

An internal audit spot check of petty cash, creditor payments, safe contents and inventory lists was carried out during 2013/14. The check included an examination of procedures over the petty cash imprest, safe access and security, inventory and a creditor depth test for a sample of transactions. The review revealed that the inventory list for furniture and equipment had not been updated on a regular basis. The recommendation included in the spot check report will be implemented during 2015/16.

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

ANNUAL GOVERNANCE STATEMENT (continued)

Significant governance issues

There are no significant governance issues.

John O'Brien
Chief Executive

24 September 2015

Mayor Jules Pipe
Chair of London Councils

24 September 2015

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

Report on the financial statements

Our opinion

In our opinion London Councils Transport and Environment Committee's Statement of Accounts ("the financial statements"):

- give a true and fair view of the state of the Committee's affairs as at 31 March 2015 and of the Committee's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice 2014/15.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Director of Corporate Resources has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Committee to consider it at a public meeting and to decide what action to take in response ; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Director of Corporate Resources

As explained more fully in the Statement of Responsibilities set out on page 11 the Director of Corporate Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and International Standards on Auditing (UK & Ireland) ("ISAs (UK&I)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Committee's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Director of Corporate Resources; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Director of Corporate Resources's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Conclusion on the Committee's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance published by the Audit Commission on 13 October 2014, we have no matters to report with respect to whether, London Councils Transport and Environments Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance issued by the Audit Commission in October 2014. We have considered the results of the following:

- our review of the Annual Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Local Authority; and
- our locally determined risk-based work.

Our responsibilities and those of the Committee

The Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you any matters that prevent us being satisfied that the Committee has put in place such arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

Certificate

We certify that we have completed the audit of the financial statements of London Councils Transport and Environments Committee in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Ciaran McLaughlin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place, London WC2N 6RH

29 September 2015

Notes:

(a) The maintenance and integrity of the London Councils Transport and Environments Committee website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

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

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2013	**1,828**	**1,400**	**3,228**	**(4,484)**	**(1,256)**
Surplus on the provision of services	148	-	148	-	148
Other Comprehensive Income and Expenditure (note 10)	-	-	-	40	40
Total Comprehensive Income and Expenditure	**148**	**-**	**148**	**40**	**188**
Adjustments between accounting basis and funding basis under regulations (note 6)	310	-	310	(310)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**458**	**-**	**458**	**(270)**	**188**
Transfers from/to earmarked reserves (note 7)	(400)	400	-	-	-
Increase/Decrease in 2013/14	**58**	**400**	**458**	**(270)**	**188**
Balance at 31 March 2014	**1,886**	**1,800**	**3,686**	**(4,754)**	**(1,068)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

	Note	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000	2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net £000
Cost of Services							
Direct Revenue Expenditure:							
Payments to operators	8a	33,826	(35,355)	(1,529)	33,774	(35,298)	(1,524)
Managed service contract	8b	3,144	(3,144)	-	3,306	(3,306)	-
Parking adjudication	8c	1,400	(1,524)	(124)	1,435	(1,311)	124
Payments to Northampton County Court	8d	2,451	(2,451)	-	2,655	(2,655)	-
Reimbursement of parking penalty notices to boroughs	8e	14	(14)	-	13	(13)	-
Concessionary fares reissue	8f	2,475	(1,942)	533	1,020	(833)	187
One off Payment to Boroughs		170	-	170	-	-	-
		43,480	**(44,430)**	**(950)**	**42,203**	**(43,416)**	**(1,213)**
Other Operating Expenditure							
Staff costs		2,946	(2,312)	634	2,853	(2,329)	524
Premises		833	(654)	179	840	(686)	154
Central Support Services		1,999	(1,568)	431	1,341	(1,095)	246
Consultancy		52	(41)	11	9	(7)	2
		5,830	**(4,575)**	**1,255**	**5,043**	**(4,117)**	**926**
Net Revenue Cost of Services		**49,310**	**(49,005)**	**305**	**47,246**	**(47,533)**	**(287)**
Financing and investment income and expenditure	9			179			139
Deficit/(Surplus) on Provision of Services				**484**			**(148)**
Actuarial loss/(gain)on pension assets and liabilities	10			2,739			(40)
Other Comprehensive Income and Expenditure				**2,739**			**(40)**
Total Comprehensive Income and Expenditure				**3,223**			**(188)**

BALANCE SHEET AS AT 31 MARCH 2015

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

	Notes	31 March 2015 £000	31 March 2014 £000
Property, Plant and Equipment	11	172	121
Long Term Assets		**172**	**121**
Short Term Debtors	12	3,285	3,694
Cash and Cash Equivalents	13	4,730	5,932
Current Assets		**8,015**	**9,626**
Short Term Creditors	15	(4,686)	(6,103)
Current liabilities		**(4,686)**	**(6,103)**
Other Long Term Liabilities	10	(7,792)	(4,712)
Long Term Liabilities		**(7,792)**	**(4,712)**
Net Liabilities		**(4,291)**	**(1,068)**
Usable Reserves	16	3,535	3,686
Unusable Reserves	17	(7,826)	(4,754)
Total Reserves		**(4,291)**	**(1,068)**

The notes on pages 28 to 54 form part of the accounts.

F. J. Smith.

F Smith CPFA
Director of Corporate Resources

24 September 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

	2014/15 £000	2013/14 £000
Net (deficit)/surplus on the provision of services	(484)	148
Adjustments to net (deficit)/surplus on the provision of services for non-cash movements	(546)	1,891
Adjustments for items included in the net (deficit)/surplus on the provision of services that are investing and financing activities	(39)	(47)
Net cash flows from Operating Activities (note 18)	**(1,069)**	**1,992**
Investing Activities (note 19)	(133)	47
Financing Activities (note 20)	-	(8)
Net (decrease)/increase in cash and cash equivalents	**(1,202)**	**2,031**
Cash and cash equivalents at 1 April	**5,932**	**3,901**
Cash and cash equivalents at 31 March	**4,730**	**5,932**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

1. Accounting Policies

a General Principles

The Statement of Accounts summarises the Committee's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require it to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decision about providing resources to it;
- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;
- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;
- The accrual basis of accounting;
- The following underlying assumptions;
  - Going concern basis.
- The following qualitative characteristics:
  - Relevance;
  - Materiality; and
  - Faithful representation.
- The following enhancing qualitative characteristics:
  - Comparability;
  - Verifiability;
  - Timeliness; and
  - Understandability.

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

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

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

1. Accounting Policies (continued)

e Contingent Liabilities

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

f Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and

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

Termination Benefits

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

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

Post Employment Benefits

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

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

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

- Liabilities are discounted to their value at current prices using, a discount rate of 3.4% (2013/14: 4.5%).

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

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

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

h Financial Instruments

Financial Liabilities

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

Currently the Committee has no borrowings.

Financial Assets

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

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

j Intangible Assets

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

k Interest Income

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

l Leases

Finance leases

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

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

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

Operating leases

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

m Overheads

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

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

n Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

1. Accounting Policies (continued)

o Reserves

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

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

p Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) has introduced changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no material changes to the Committee's accounts as detailed below.

IFRS 13 Fair Value Measurement – This standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. The introduction of this standard will have no impact on the Committee's accounts due to its low asset base which is carried on the balance sheet at depreciated historical cost.

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

IFRIC 21 Levies – This interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred. This interpretation will not have a material impact on the Committee's accounts.

3. Critical Accounting Estimates and Judgements

Change in Accounting Estimates

There has been a change to the methodology for calculating the Committee's bad debt provision in order to comply with the requirements of the Code of Practice on Local Authority Accounting. In previous years the bad debt provision was calculated using a combination of the age of the debts and any specific information affecting their recoverability. The new methodology categorises debtors into groups of similar credit characteristics which are separately assessed with a percentage provision determined by reference to historical loss experience. Where current information indicates that the historical loss experience does not properly reflect current conditions, the historical loss experience will be adjusted accordingly. The new methodology has been applied across the same debtor categories as the previous methodology. This revision results in a decrease in the bad debt provision of £34,000 due to the low historic levels of debt write-off.

Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

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

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

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

The items in the Committee's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £418,000 However, the assumptions interact in complex ways. During 2014/15, Barnett Waddingham LLP advised that the net pensions liability had increased by £2.756 million as a result of a change in financial assumptions.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

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

POPLA

In September 2013, an objection was raised on the 2012/13 accounts stating that TEC did not have the legal powers to provide the POPLA service for the BPA. London Councils' external auditor, PricewaterhouseCoopers LLP (PwC), investigated the objection prior to issuing a formal determination. It is London Councils view that the that the service was and is currently being delivered by TEC lawfully on behalf of all the participating authorities with their consent and proper authority. However, PwC sought independent legal advice which indicated that entering into and operating the contract was not within the existing delegated powers of TEC and that the income and expenditure derived from the contract and recorded within the accounts is unlawful. It was common ground that the participating local authorities had the power to enter into the arrangements with the BPA and that these powers may be delegated to the joint committee. The disagreement related to whether there was a proper delegation of those powers to the Transport and Environment Committee.

In light of the auditor's view, a provision was included in the 2013/14 accounts for the cumulative income received from the operation of the POPLA contract to 31 March 2014 which amounted to £1.198 million. To put the matter of on-going lawfulness beyond doubt London Councils agreed to address PwC's concerns by seeking an express delegation by the London local authorities of the exercise of their statutory powers to the Transport and Environment Committee for the purposes of delivering the POPLA service. This exercise was completed in March 2015 and PwC issued a determination acknowledging that London Councils had taken action to put the matter beyond legal doubt. As a result, the provision has been reversed out in the 2014/15 accounts.

Property, Plant and Equipment

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

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £2,000 for every year that useful lives had to be reduced.

Bad Debt Provision

At 31 March 2015, the Committee had a balance of accounts receivable debtors of £887,000. This amount excludes debts registered at the County Court. A review of these balances resulted in a calculation of a bad debt provision, based on the age and nature of the debts, of £nil. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate the provision will have to be increased accordingly.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 24 September 2015. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

Adjustments for the year ended 31 March 2015:

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

Adjustments for the year ended 31 March 2014:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 17)	321	(321)
Adjustments primarily involving the Accumulated Absences Reserve:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (note 17)	(11)	11
Total Adjustments	**310**	**(310)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

7. Transfers (from)/to Specific Reserves

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

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

Transfers to and from the Specific Reserves during the year ended 31 March 2014.

	Balance at 1 April 2013 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2014 £000
2015 Freedom Pass Re-issue Reserve	1,400	-	400	1,800
Total	**1,400**	**-**	**400**	**1,800**

The 2015 Freedom Pass Re-issue Reserve was established by the Committee on 15 December 2011 to accumulate funds to meet the cost of the next Freedom Pass reissue exercise in 2015.

8. Direct Revenue Expenditure

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

a. Payments to Operators - amounts paid to transport operators under the Concessionary Fare and Taxicard agreements.
b. Managed Service Contract - payments to Capita Secure Information Systems for the provision of the parking facilities management services in 2014/15.
c. Parking Adjudication - direct cost of the Parking and Traffic Appeals Service, Congestion Charging Appeals Service and Parking on Private Lands Appeals including payments to adjudicators and assessors, adjudicators training and purchase of instructional materials.
d. Payments to Northampton County Court - payments made to the court for the registration of the debt of persistent evaders of the payment of parking penalties. The £7 unit charge is recharged direct to the boroughs.
e. Reimbursement of parking penalty notices to boroughs - reimbursements to boroughs in respect of parking penalties.
f. Concessionary fares reissue - income and expenditure in connection with the Concessionary Fare re-issue.

9. Financing and Investment Income and Expenditure

	2014/15 £000	2013/14 £000
Interest and Investment Income	(39)	(47)
Net Loss on Pension Scheme Assets/Liabilities (see note 10)	218	186
Total	**179**	**139**

10. Pensions

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2007/08. The scheme is contracted out of the State Second Pension and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

10. Pensions (continued)

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

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

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

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

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

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

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

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

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

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

10. Pensions (continued)

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2013 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2013 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2015 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

Financial Assumptions

The financial assumptions as at 31 March 2015:

Assumptions as at:	**31 March 2015 (% per annum)**	**31 March 2014 (% per annum)**
RPI increases	3.3%	3.7%
CPI increases	2.5%	2.9%
Salary increases	4.3%	4.7%
Pension increases	2.5%	2.9%
Discount rate	3.4%	4.5%

These assumptions are set with reference to market conditions at 31 March 2015.

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

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

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

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% p.a. below RPI i.e. 2.5% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

10. Pensions (continued)

Salaries are then assumed to increase at 1.8% p.a. above CPI in addition to a promotional scale. We applied a short term overlay for the period from 31 March 2013 to 31 March 2015 for salaries to rise in line with CPI.

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

	31 March 2015	31 March 2014
Retiring today:		
Males	22.3	22.2
Females	25.3	25.2
Retiring in 20 years:		
Males	24.7	24.5
Females	27.6	27.5

The following assumptions have also been made:

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

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2015:

	At 31 March 2015		At 31 March 2014	
	£000	%	£000	%
Equities	5,471	43%	5,953	53%
LDI/Cashflow matching	946	8%	674	6%
Target return portfolio	3,645	29%	3,369	30%
Infrastructure	625	5%	449	4%
Commodities	117	1%	112	1%
Property	357	3%	337	3%
Cash	1,448	11%	337	3%
	12,609	**100%**	**11,231**	**100**

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

10. Pensions (continued)

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2015 is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Fair value of employer assets	12,609	11,231
Present value of scheme liabilities	(20,378)	(15,922)
Net Liability	**(7,769)**	**(4,691)**
Present value of unfunded liabilities	(23)	(21)
Net Liability in Balance Sheet	**(7,792)**	**(4,712)**

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2015 is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Service cost	358	349
Net interest on the defined liability	218	186
Administration expenses	18	16
Total	**594**	**551**

The reconciliation of the Defined Benefit Obligation at 31 March 2015 is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Opening Defined Benefit Obligation	**(15,943)**	**(15,990)**
Current service cost	(358)	(349)
Interest cost	(750)	(690)
Change in financial assumptions	(2,756)	(1,518)
Change in demographic assumptions	-	(65)
Experience loss on Defined Benefit Obligation	-	1,324
Estimated benefits paid net of transfers	376	173
Past service costs, including curtailments	-	-
Contributions by scheme participants	(134)	(104)
Unfunded pension payments	2	1
Adjustment arising from apportionment of pension liability	(838)	1,275
Closing Defined Benefit Obligation	**(20,401)**	**(15,943)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

10. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2015 is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Opening Fair Value of Employer's Assets	**11,231**	**11,559**
Interest on assets	532	504
Return on assets less interest	263	(120)
Other actuarial gains	-	65
Administration expenses	(18)	(16)
Contributions by employer	253	230
Contributions by scheme participants	134	104
Estimated benefits paid plus unfunded net of transfers in	(378)	(174)
Adjustment arising from apportionment of pension liability	592	(921)
Closing Fair Value of Employer's Assets	**12,609**	**11,231**

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

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	19,983	20,401	20,829
Projected service cost	431	441	452
Adjustment to Long-term Salary Increases	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	20,454	20,401	20,349
Projected service cost	442	441	441
Adjustment to Pension Increases and Deferred Revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	20,780	20,401	20,031
Projected service cost	451	441	431
Adjustment to Mortality Age Rating Assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	19,763	20,401	21,039
Projected service cost	428	441	455

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

10. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2015 is as follows:

	At 31 March 2015 £000	At 31 March 2014 £000
Return on plan assets in excess of interest	263	(120)
Other actuarial gains on assets	-	65
Change in financial assumptions	(2,756)	(1,518)
Change in demographic assumptions	-	(65)
Experience gain on defined benefit obligation	-	1,324
Adjustment arising from apportionment of pension liability	(246)	354
Re-measurements	**(2,739)**	**40**

The projections for the year to 31 March 2016 is as follows:

	31 March 2016 £000
Service cost	441
Net interest on the defined liability	261
Administration expenses	19
Total	**721**
Employers contribution	262

11. Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

11. Property, Plant and Equipment (continued)

Comparative movements in 2013/14:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2013	**196**	**729**	**925**
Additions			
Disposals	(74)	-	(74)
At 31 March 2014	**122**	**729**	**851**
Accumulated Depreciation			
At 1 April 2013	**164**	**487**	**651**
Charge for the year	32	121	153
Charge relating to Disposals	(74)	-	(74)
At 31 March 2014	**122**	**608**	**730**
Net Book Value			
At 31 March 2014	**-**	**121**	**121**
At 31 March 2013	**32**	**242**	**274**

At 31 March 2015, the Committee had entered into contracts for the fit out of the new offices for PATAS in 2015/16 estimated at £740,000.

12. Short Term Debtors

	31 March 2015 £000	31 March 2014 £000
Central government bodies	670	726
Other local authorities	2,014	2,227
Public corporations and trading funds	-	207
Other entities and individuals	601	534
Total	**3,285**	**3,694**

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.014 million (2013/14: £2.256 million), payments in advance of £40,000 (2013/14: £386,000), a bad debt provision of £289,000 (2013/14: £214,000) and other debtors of £1.52 million (2013/14: £1.266 million).

13. Cash and Cash Equivalents

	31 March 2015 £000	31 March 2014 £000
Cash held by the Committee	3,063	2,588
Cash balances held by the City of London	1,667	3,344
Total	**4,730**	**5,932**

14. Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £323,000 (2013/14: £274,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2015 £000	31 March 2014 £000
Not later than one year	349	269
Later than one year and not later than five years	1,041	-
Later than five years	1,299	-
Total	**2,689**	**269**

15. Short Term Creditors

	31 March 2015 £000	31 March 2014 £000
Central government bodies	-	(1)
Other local authorities	(2,257)	(2,406)
Public corporations and trading funds	(466)	(423)
Other entities and individuals	(1,963)	(3,273)
Total	**(4,686)**	**(6,103)**

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £1.56 million (2013/14: £1.692 million), receipts in advance of £131,000 (2013/14: £164,000), accruals of £2.991 million (2013/14: £2.642 million) and other creditors of £4,000 (2013/14: £1.605 million).

16. Usable Reserves

	31 March 2015 £000	31 March 2014 £000
General Reserve	3,535	1,886
2015 Freedom Pass Re-issue Reserve	-	1,800
Total	**3,535**	**3,686**

17. Unusable Reserves

	31 March 2015 £000	31 March 2014 £000
Pensions Reserve	(7,792)	(4,712)
Accumulated Absences Reserve	(34)	(42)
Total	**(7,826)**	**(4,754)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

17. Unusable Reserves (continued)

Pensions Reserve

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

	2014/15		2013/14	
	£000	£000	£000	£000
Balance at 1 April		**(4,712)**		**(4,431)**
Actuarial gains or losses on pension assets and liabilities		(2,739)		40
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(596)		(552)	
Employer's pensions contribution and direct payments to pensioners payable in the year	255		231	
		(341)		(321)
Balance at 31 March		**(7,792)**		**(4,712)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

17. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2014/15		2013/14	
	£000	£000	£000	£000
Balance at 1 April		(42)		(53)
Settlement or cancellation of accrual made at the end of the preceding year	42		53	
Amounts accrued at the end of the current year	(34)		(42)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		8		11
Balance at 31 March		**(34)**		**(42)**

18. Cash Flow Statement – Operating Activities

	2014/15		2013/14	
	£000	£000	£000	£000
(Deficit)/Surplus on Provision of Services		**(484)**		**148**
Adjusted for:				
Current Service Cost Adjustment	123		135	
Depreciation	121		153	
Net loss on Pension Scheme Assets/Liabilities	218		186	
Decrease in Debtors	409		42	
(Decrease)/Increase in Creditors	(1,417)		1,375	
Adjustments for non-cash movements		**(546)**		**1,891**
Interest and Investment Income	(39)		(47)	
Adjustments for investing and financing activities		**(39)**		**(47)**
Net cash flows from Operating Activities		**(1,069)**		**1,992**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

19. Cash Flow Statement – Investing Activities

	2014/15 £000	2013/14 £000
Interest and Investment Income	39	47
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(172)	-
Total	**(133)**	**47**

20. Cash Flow Statement – Financing Activities

	2014/15 £000	2013/14 £000
Finance Lease Capital Repayment	-	(8)

21. Members' Allowances

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

	2014/15 £000	2013/14 £000
Members' Allowances	14	18

22. Officers' Remuneration

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

Remuneration Bands	**Number of Employees**	
	2014/15 £000	**2013/14 £000**
£50,000 - £54,999	4	5
£55,000 - £59,999	-	3
£60,000 - £64,999	2	3
£65,000 - £69,999	3	1
£70,000 - £74,999	2	-
£75,000 - £79,999	-	3
£80,000 - £84,999	2	1
£90,000 - £94,999	1	-
£95,000 - £99,999	1	1
£105,000 - £109,999	1	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

22. Officers' Remuneration (continued)

Post Holder	2014/15 Salary	2014/15 Pension	2014/15 Total Remuneration	2013/14 Salary	2013/14 Pension	2013/14 Total Remuneration
	£	£	£	£	£	£
Corporate Director – Policy and Public Affairs	30,735	3,688	34,423	30,735	4,887	35,622
Corporate Director – Services	61,470	7,376	68,846	61,470	9,774	71,244
Director – Corporate Governance	4,896	586	5,482	4,872	775	5,647
Total	**97,101**	**11,650**	**108,751**	**97,077**	**15,436**	**112,513**

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

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

	2014/15	2013/14
	£	£
Remuneration of highest paid Director	122,940	122,940
Remuneration of median member of staff	33,051	32,340
Multiple between the median member of staff and the highest paid director	3.72	3.80

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

23. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2014/15 (2013/14: NIL).

24. External Audit Costs

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

	2014/15 £000	**2013/14 £000**
Fees payable in respect of the audit of the Statement of Accounts:		
• Fees payable to PricewaterhouseCoopers LLP	31	33
• Rebate received from Audit Commission	(3)	(5)
Fees payable in respect of other services provided by PricewaterhouseCoopers LLP during the year	49	20
	77	**48**

25. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2014/15 was £33.624 million (2013/14: £33.215 million). The total value of expenditure paid to member boroughs during 2014/15, including the one-off payment from reserves, was £177,000 (2013/14: £23,000). On 31 March 2015, the value of debtor balances owed by member boroughs amounted to £2.014 million (2013/14: £2.227 million) and the value of creditor balances owed to member boroughs (including receipts in advance) amounted to £1.657 million (2013/14: £1.779 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2014/15 was £10.061 million (2013/14: £11.433 million). The total value of expenditure on charges and reimbursement of Penalty Charge Notices during 2014/15 was £19,000 (2013/14: £17,000). On 31 March 2015, there were no debtor balances owed by TfL (2013/14: NIL) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £366,000 (2013/14: £281,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

25. Related Parties (continued)

British Parking Association

London Councils has a contract to run the Parking on Private Lands Appeals (POPLA) service which is funded by the British Parking Association (BPA). London Councils Director of Corporate Services was a Director of the British Parking Association. The Director of Corporate Services receives no remuneration for his appointment with the BPA. The total value of income received from the BPA for running the POPLA service and room hire charges during 2014/15 was £918,000 (2013/14: £904,000). The total value of expenditure paid to the BPA for subscriptions and other charges during 2014/15 was £840 (2013/14: £840). On 31 March 2015, the value of debtor balances owed by the BPA amounted to £367,000 (2013/14: £371,000).

Greater London Authority

A member of London Councils' Transport and Environment Committee was also a member of the Greater London Assembly. The total value of income received from the GLA for the operation of the Road User Charging Appeals service and other charges during 2014/15 was £741,000 (2013/14: £875,000). On 31 March 2015, there were no debts owed by the GLA (2013/14: £204,000) and the value of creditor balances owed to the GLA (including receipts in advance) amounted to £100,000 (2013/14: £90,000).

26. Concessionary Fares

These accounts do not include the amount of £321.596 million (2013/14: £308.747 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

27. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils from 1 April 2000. A copy of the consolidated accounts for 2014/15 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

28. Segmental Reporting

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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