Audit Committee

22 September 2016: 10:30am

London Councils offices are wheelchair accessible

Location: Meeting Room 1, London Councils, 59½ Southwark Street, London SE1 0AL

Contact Officer: Alan Edwards

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* **Declarations of Interests**

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

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

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

If you have any queries regarding this agenda or are unable to attend this meeting, please contact:

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Minutes of the Meeting of the Audit Committee
22 June 2016

Cllr Roger Ramsey was in the Chair

Members Present:

Cllr Roger Ramsey (LB Havering)
Cllr Stephen Alambritis (LB Merton)
Cllr Simon Wales (LB Sutton)

In Attendance:

Eugene O'Driscoll, Agilisys
Ellen Murphy, Agilisys
Darryl Ungerer, Agilisys
Jeremy Mullins, City of London
Pat Stothard, City of London
Philip Johnstone, KPMG

London Councils' officers were in attendance.

1. Declarations of Interest

There were no declarations of interest.

2. Apologies for Absence

Apologies for absence were received from Councillor Jas Athwal (LB Redbridge) and Roger Chadwick (City of London).

3. Minutes of the Audit Committee meeting held on 24 March 2016

The minutes of the Audit Committee meeting held on 24 March 2016 were agreed as being an accurate record.

4. Internal Audit Reviews

The Audit Committee received a report that provided members with an update of the internal audit reviews completed by the City of London's Internal Audit section since the last meeting held in March 2016

David Sanni, Head of Financial Accounting, London Councils, introduced the Internal Audit report. He informed members that there were two reviews: (i) ICT Strategy (page 7), and (ii) Risk Management and Business Continuity Planning 2015/16 (page 19 of the report). David Sanni said that there had been considerable improvements since 2014. All the recommendations had been accepted.

The Chair asked what the "limited visibility in this respect" (paragraph 2, page 10) referred to. Frank Smith said that Agilisys had been very pro-active, in assessing risks. He said that it was

unclear why the auditor had come to this conclusion in the review and it should have been queried with the auditor.

Eugene O'Driscoll, Agilisys, gave a brief presentation on the London Councils LAN refresh and 2FA project update. The following comments were made:

- There were two main workstreams: (i) Network Refresh and (ii) 2 Factor Authentication
- There had been a delay in implementation – now on schedule for 31 August 2016
- Agilisys was working with London Councils' IT department to implement projects (delivery dates and framework were in place)
- Target completion date was 30 August 2016

Cllr Simon Wales asked if disaster recovery tests were being carried out. Roy Stanley, ICT and Facilities Manager, confirmed that a disaster recovery testing regime had already started.

The Audit Committee:

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

5. Review of the Annual Governance Statement

The Audit Committee considered a report that reviewed each element of the current Annual Governance Statement (AGS). The report also highlighted any continuing and potentially new areas for development (and those from previous years that had been addressed). Finally, the report made recommendations for revisions that would be contained in the AGS to be included in the audited accounts for 2015/16.

David Sanni introduced the AGS report. He informed members that the AGS had been prepared and published in accordance with CIPFA/SOLACE Framework, which was due to be reviewed in 2016. The report reflected the outcome of the officer review of governance arrangements in place during the year and the Head of Internal Audit and Risk Management's opinion on the system of internal controls. It also draws on the feedback provided by London Councils' external auditors, KPMG, following the conclusion of their interim audit in March 2016.

David Sanni said that Appendix A of the report (page 60) showed the recommended changes to the current AGS in red. It was agreed that the section regarding the "Discharge of the Monitoring Officer function" (page 62, last paragraph) be replaced with the following:

***"Monitoring Officer**: This is a statutory post under s.5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer."*

The Audit Committee:

- Noted the summary of the internal audit reviews undertaken during 2015/16 and the opinion of the Head of Audit and Risk Management at the City of London on the overall control environment, as detailed in Appendix B; and
- Approved the recommended changes to the AGS for 2014/15, as detailed in Appendix A (including the changes previously outlined to the "Monitoring Officer" paragraph on page

62 of the report), to produce the AGS for 2015/16 for inclusion in London Councils' accounts for 2015/16, as detailed in Appendix C

6. Risk Management: Chief Executive's Directorate Risk Register

The Audit Committee received a report that provided members with the current Chief Executive's Directorate Risk Register.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the Chief Executive's Risk Register report, which was last reviewed in February 2016. She informed Committee that CG 5 was a new risk (non-compliance with London Councils information Governance policies). Christiane Jenkins said that two new Corporate Resources Risks had been introduced: CR17 – lack of IT strategy and CR18 – data security. She informed members that Frank Smith was the London Councils' Senior Information Risk Officer (SIRO). Frank Smith was working with Emily Salinger, Corporate Governance Manager, London Councils, to ensure that London Councils' officers were trained on data security issues.

The Chair asked whether London Councils' data was stored in the cloud. Roy Stanley confirmed that London Councils email archive was stored in the cloud, but not workfiles, and the model was similar to that used by a number of local authorities. Frank Smith said that a great deal of personal information was held in respect of Taxicard holders, like proof of residency and medical documentation to confirm eligibility and that sufficient data security needs to be in place before these risks can be potentially downgraded by 2017.

Councillor Alambritis queried CG8 – unplanned absence of regional employers' secretary for extended period. Christiane Jenkins said that there were only two members of staff that worked for the Regional Employers' organisation and contingencies had been put in place in case they were indisposed or on planned leave.

The Audit Committee noted the Chief Executive's Directorate Risk Register.

The meeting finished at 10.55am

Action Points

	Action	Progress
5. Review of Annual Governance Statement – Appendix A)	To replace the section on "Discharge of the monitoring officer function" (page 62) with the following: ***Monitoring Officer****: This is a statutory post under s.5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.*	**Completed**

Audit Committee

Draft Annual Audit Report 2015/16 Item no: 04

Report by:	David Sanni	**Job title:**	Head of Financial Accounting
Date:	22 September 2016		
Contact Officer:	David Sanni		
Telephone:	020 7934 9704	**Email:**	david.sanni@londoncouncils.gov.uk

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Summary

This report details the final draft of the annual audit report to those charged with governance (ISA260) prepared by KPMG, London Councils' external auditor, in respect of the 2015/16 financial year. The final draft is included at Appendix A to this report and contains the proposed management responses to the internal control issues raised by KPMG which are detailed on page 18 and 19 of the final draft. Philip Johnstone and Stephen Lucas, from KPMG, will attend the meeting to present the draft document to members.

Recommendations

The Audit Committee is asked:

- To note the key issues detailed in the draft audit report to those charged with governance and agree the proposed management responses to the recommendations to internal control deficiencies detailed on page 18 and 19 of the draft audit report included at Appendix A; and
- To approve the draft letter of representation included at Appendix B.

Draft Annual Audit Report 2015/16

Introduction

1. At its meeting on 24 March 2016 the Audit Committee approved an external audit plan prepared by KPMG which set out the scope and approach for the audit of London Councils 2015/16 accounts. KPMG has completed majority of its audit work and is required to report the outcome of its audit to those charged with governance in accordance with the International Standards of Auditing (UK and Ireland). The audit report summarises the key findings arising from the audit of London Councils 2015/16 accounts and the latest draft is included at Appendix A to this report.

Audit matters

2. KPMG anticipate issuing an unqualified opinion on the financial statements subject to the satisfactory conclusion of outstanding issues such as the clearance of final review points, receipt of letters of representation and final Director closing procedures review. KPMG will provide an oral update on these matters. KPMG will also report that the Annual Governance Statements complies with guidance issued by CIPFA/SOLACE and is not misleading or inconsistent with other information they are aware of from the audit or the financial statements.

3. KPMG has made two recommendations with regard to internal control deficiencies on the invoicing of income receivable and pension submission reconciliation. These recommendations are detailed on page 18 and 19 of the audit report. The Audit Committee is asked to note the recommendations and endorse the officer response. Any amendments made by the Audit Committee will be incorporated into the final version to be sent to all members of the Leaders' Committee by 30 September.

Management representation

4. The draft management representation letter can be found at Appendix B of this report. The letter declares, to the best of the management's knowledge, that the financial statements and other information provided to the auditor are sufficient and appropriate and have not omitted any facts that are material to the financial statements. A management representation letter will be required for all three sets of accounts. The letter will be signed by the Director of

Corporate Resources once the final draft of the audit report has been approved. The Committee is asked to approve the draft letter of representation.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix A – External Audit Report for 2015/16
Appendix B – Draft management representation letter for 2015/16 accounts

Background Papers

Final accounts working files 2015/16

London Councils External Audit Plan for 2015/16

DRAFT

KPMG

External Audit Report 2015/16

London Councils

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September 2016

Contents

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This report is addressed to London Councils and has been prepared for the sole use of London Councils. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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Section one: Introduction

Introduction

This document summarises:

The key issues identified during our audit of the financial statements for the year ended 31 March 2016 for the Joint Committee, Transport and Environment Committee and Grant Committee

Scope of this report

This report summarises the key findings arising from our audit work at London Councils in relation to the 2015/16 financial statements relating to the Joint Committee, Transport and Environment Committee and Grant Committee.

Financial statements

Our *External Audit Plan 2015/16*, presented to you in March 2016, set out the four stages of our financial statements audit process.

This report focuses on the second and third stages of the process: control evaluation and substantive procedures. Our on site work for this took place during March and July 2016.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also included in this report.

Structure of this report

This report is structured as follows:

— Section 2 summarises the headline messages.

— Section 3 sets out our key findings from our audit work in relation to the 2015/16 financial statements of the three Committees.

Our recommendations are included in Appendix 1. We have also reviewed your progress in implementing prior recommendations made by your previous auditor PriceWaterhouseCoopers.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

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Section two: Headlines

Headlines

We anticipate issuing unqualified audit opinions on the Joint Committee, Transport and Environment Committee and Grant Committee financial statements by 30 September 2016.

We will also report that the Annual Governance Statements complies with guidance issued by CIPFA/SOLACE in June 2007.

This table summarises the headline messages. Sections three and four of this report provide further details on each area.

Proposed audit opinion	We anticipate issuing an unqualified audit opinion on the Joint Committee, Transport and Environment Committee and Grant Committee financial statements by 30 September 2016. We will also report that the Annual Governance Statements complies with guidance issued by CIPFA/SOLACE in June 2007.
Audit adjustments	Our audit has identified one audit adjustments with a total value of £15,738. This relates to the assignment of the Q4 administration costs for the ESF grant, which had been misallocated and as such, the creditor and debtor amount for the ESF grant is over-stated. The impact of these adjustments is to decrease the debtors and creditors on the balance sheet of the Joint Committee by £15,570 each. We identified a number of minor narrative and presentational adjustments required, throughout the accounts and accompanying notes. All of these were agreed with officers and adjusted.
Key financial statements audit risks	We review risks to the financial statements on an ongoing basis and tailor our audit procedures accordingly. In addition to the rebuttable presumption of the fraud risk from revenue recognition, we identified the following key financial statement audit risks in our 2015/16 External audit plan. — Management override of controls; and — Pension Liability assumptions. We have worked with officers throughout the year to discuss these audit risks. Our detailed findings are reported in section 3 of this report. We have agreed a recommendation on the evidenced review of information received from the actuary and reconciliation of figures provided to the actuary.

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Headlines (cont.)

We have noted the high quality of the accounts and the supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.

At the date of this report our audit of the financial statements is substantially complete.

You are required to provide us with representations on specific matters such as your going concern assertion and whether the transactions in the accounts are legal and unaffected by fraud.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of London Councils.

Accounts production and audit process	We received complete sets of draft accounts for each of the three committees in line with the agreed timetable. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of the Code. We have noted the high quality of the accounts and the supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. We will debrief with the Finance team to share views on the final accounts audit. Our objective is for this discussion to lead to further efficiencies in the 2016/17 audit process. In particular, we would like to thank those officers who were available throughout the audit visit and responded quickly to answer our queries.
Completion	At the date of this report our audit of the financial statements is substantially complete subject to completion of the following areas: — Clearance of final review points — Receipt of signed letter of representation — Final Director closing procedures review. You are required to provide us with representations on specific matters such as your going concern assertion and whether the transactions in the accounts are legal and unaffected by fraud. We provided a draft of this representation letter to the Director of Corporate resources on 5 September 2016. We draw your attention to the requirement in our representation letter for you to confirm to us that you have disclosed all relevant related parties to us. We are not asking management to provide specific representations on any balances. We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of London Councils.

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Section three: Financial Statements

Proposed opinion and audit differences

Our audit has identified one audit adjustment of £15k which reduces both debtors and creditors by this amount on the Joint Committee financial statements.

Proposed audit opinion

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the Joint Committee, Transport and Environment Committee and Grant Committee financial statements following approval of the Statement of Accounts by the Audit Committee on 22 September 2016.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The materiality (see Appendix two for more information on materiality) level was set at differing levels for each Committee

Committee	Materiality	Trivial
Joint Committee - consolidated	£1,480k	£74k
Joint Committee core	£270k	£13k
Grant Committee	£220k	£11k
Transport and Environment Committee	£980k	£45k

Our audit identified an audit difference, which we set out in Appendix two. It is our understanding that this will be adjusted in the final version of the financial statements.

The table on the below illustrates the total impact of audit differences on the London Council's Joint Committee balance sheet as at 31 March 2016. Further details are included in Appendix three.

There is £nil net impact on the Reserves as a result of audit adjustments; however, the Current Assets and Current Liabilities balance at 31 March 2016 decrease by £15k each. This is the result of the following amendments:

— Overstatement of Debtor - £15k

— Overstatement of Creditor - £15k

Balance sheet as at 31 March 2016

£m	Pre-audit	Post-audit
Property, plant and equipment	1,722	1,722
Other long term assets	1	1
Current assets	21,736	21,721
Current liabilities	(10,590)	(10,575)
Long term liabilities	(23,380)	(23,380)
Net liabilities	**(10,511)**	**(10,511)**
Usable reserves	12,641	12,641
Unusable reserves	(23,152)	(23,152)
Total reserves	**(10,511)**	**(10,511)**

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Proposed opinion and audit differences (cont.)

The wording of your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the Code'). We understand that London Councils will be addressing these where significant.

Annual governance statement

We have reviewed the Annual Governance Statements and confirmed that:

— It complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and

— It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

Narrative report

We have reviewed the Narrative Statements and not identified any inconsistencies with the Statement of Accounts.

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Significant audit risks

We have worked with London Councils throughout the year to discuss significant risks and key areas of audit focus.

***Pension Assets and Liabilities* - No issues were noted that impacted on the financial statements although we have made a recommendation to strengthen controls**

In our *External Audit Plan 2015/16*, presented to you in March 2016, we identified the significant risks affecting the 2015/16 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work.

The table below sets out our detailed findings for each of the risks that are specific to London Councils.

Pensions Assets and Liabilities

Risk: London Councils' staff are eligible to participate in the Local Government Pension Scheme (LGPS), administered by the London Pension Fund Authority. There is an inherent valuation estimate in respect of London Councils' defined benefit liability. Pension valuations require a significant level of expertise, judgement and estimation and are therefore more susceptible to error. This is also a very complex accounting area increasing the risk of misstatement.

Findings: As part of our 2015/16 audit, we have checked the information provided to the actuary from London Councils, reviewed the actuarial valuation while considering the disclosure implications, considered assumptions made by your actuaries to benchmarks, which are collated by our KPMG actuaries, and to the assumptions used for 2014/15 for consistency. We also reviewed management's assessment of the accounting requirements to satisfy ourselves that they comply with the requirements of the Local Government SORP for 2015/16. There are no issues impacting on the financial statements that we need to report to the Audit Committee.

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Significant audit risks

We have worked with London Councils throughout the year to discuss significant risks and key areas of audit focus.

Fraud risk of revenue recognition - We do not consider this to be a significant risk for London Councils as there is unlikely to be an incentive to fraudulently recognise revenue.

Management override of controls - There are no matters arising from this work that we need to bring to your attention.

In our *External Audit Plan 2015/16* we reported that we would consider two risk areas that are specifically required by professional standards and report our findings to you. These risk areas were Management override of controls and the Fraud risk of revenue recognition.

The table below sets out the outcome of our audit procedures and assessment on these risk areas.

.

Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our External Audit Plan 2015/16 we reported that we do not consider this to be a significant risk for London Councils as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Management override of controls

Risk: Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

Findings: In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

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Other areas of audit focus

We have now completed our testing. The table sets out our detailed findings for the area of audit focus.

No issues were noted as a result of these procedures.

In our *External Audit Plan 2015/16* we reported that we would review opening balances as an additional area of audit focus as it was our first year as auditors.

The table below sets out the outcome of our audit procedures and assessment on these risk areas.

Opening Balances

- Area of Audit Focus: The balances reported as the opening position and comparators in the 2015/16 financial statements comprise an integral part of your financial statements and are included within the assurance opinion we provide to you. As this is our first year of your audit, we have to conduct further work over these balances to be able to assure those charged with governance that they are free from material misstatement due to fraud or error.
- Findings; We completed the handover process with the previous auditor (PricewaterhouseCoopers) and determined that there were no material issues that we should consider. We performed analysis over the opening balances recorded and agreed them to the audited 2014/15 financial statements.. No issues were noted as a result of these procedures.

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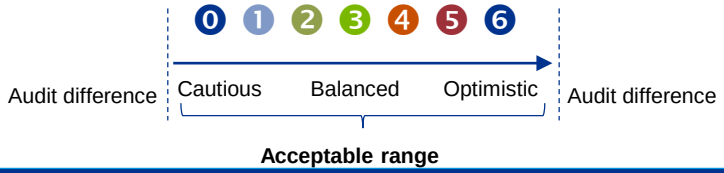
Judgements

We always consider the level of prudence within key judgements in your financial statements. We have summarised our view below using the following range of judgement:

Level of prudence



Assessment of subjective areas			
Asset/liability class	**15/16**	**Joint Committee Balance (£m)**	**KPMG comment**
Accruals	3	£2.94 million *(PY: £3.51 million)*	We have agreed a sample of the accruals recorded in your financial statements to supporting documentation, including confirmation of post-year end payment. We have reviewed a sample of post-year end payments to check the cut-off of expenditure recorded in the period and ensured there are no unrecorded liabilities at the year end. Based on the above work, we believe London Council's assessment to represent a balanced view of future payables and within the acceptable range of estimates
Grants	3	£8.97 million *(PY: £9.78 million)*	We selected items with high value or fluctuations from prior year and agreed these back to supporting documentation, including grant receipts to bank statements. For grants, we agreed a sample of grants back to supporting documentation and confirmed that conditions have been met to release income. We have performed additional procedures over the European Social Fund income, agreeing the budget and award to notification and sample of expenditure items to remittance advice. Based on the above work, we believe London Council's assessment to represent a balanced view of grant income recognised in the period.
Property, Plant and Equipment (valuations / asset lives)	3	£1.72 million *(PY: £1.15 million)*	We have reviewed management's assessment of property valuations and impairment calculations; confirmed that the asset life assessments were appropriate. Overall, we have concluded London Councils has made a balanced estimate and that the judgements represent a balanced assessment of asset usage.
Pensions	3	£64.18 million *(PY: £66.63 million)*	We have reviewed the actuarial valuation for pensions and considered the assumptions made by your actuaries in comparison to benchmarks, which are collated by our KPMG actuaries, and to the assumptions used in 2014/15. Our view is that London Councils and its actuaries are balanced in determining the net pension liability and well within the acceptable range of estimates.

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Accounts production and audit process

We have noted the high quality of the accounts and the supporting working papers.

Officers dealt efficiently with audit queries and the audit process will be completed within the planned timescales.

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of London Councils' accounting practices and financial reporting. We also assessed your process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	We reviewed the methods of financial reporting and various accounting practices throughout our audit. Our review of the financial statements and the method through which they are prepared deemed that accounting practices are appropriate.
Completeness of draft accounts	We received a complete set of draft accounts for each of the committees in line with the agreed deadline.
Quality of supporting working papers	Our *Accounts Audit Protocol*, which we issued on 6 June 2016 and discussed with the Head of Finance, set out our working paper requirements for the audit. The quality of working papers provided met the standards specified in our *Accounts Audit Protocol*.
Response to audit queries	Officers resolved the majority of audit queries in a reasonable time. In some cases, however, we experienced small delays, specifically around working papers for payroll and pension data that needed to be provided by the City of London.

Findings in respect of the control environment for key financial systems

We have completed our testing of controls operated during the closedown process and noted some improvements to strengthen the control environment on;

- invoicing of income to be received; and
- Review of information provided by experts for inclusion in the financial statements.

Appendix One provides further details.

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Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the financial statements.

Before we can issue our opinion we require a signed management representation letter.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Joint Committee, Transport and Environment Committee and Grant Committee for the year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and London Councils, its members and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards in relation to independence and objectivity.

We have provided a detailed declaration in Appendix four in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Director of Corporate Resources for presentation to the Audit Committee. We require a signed copy of your management representations before we issue our audit opinion.

We are not seeking any specific management representations beyond those considered as standard.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report.

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Appendices

Appendix 1: Key issues and recommendations
Appendix 2: Audit differences
Appendix 3: Materiality and reporting of audit differences
Appendix 4: Independence and objectivity

Appendix one

Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

London Councils should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

Priority rating for recommendations					
1	***Priority one***: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	***Priority two***: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	***Priority three***: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

No.	Risk	Issue and recommendation	Management response/responsible officer/due date
1	2	**Invoicing of Income receivable** Where income is due to be collected an income request form should be prepared in order to generate an invoice. During our substantive testing of the income, we found that four out of 20 sampled income transactions did not have an income request form raised and one item had been incorrectly invoiced to the wrong customer but this had subsequently been corrected. Of the remaining 15 items tested, six out of 15 were not authorised in line with the expected procedures.. **Recommendation** All income due should be supported by an income request form that is fully completed in line with the expected procedures..	This recommendation is accepted and the relevant finance officers have been reminded that official invoices should only be raised on receipt of an appropriately completed invoice request form. Periodic spot checks will be carried out to ensure compliance with the instruction. Recommendation implemented by the Head of Financial Accounting in September 2016.

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Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

London Councils should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

No.	Risk	Issue and recommendation	Management response/responsible officer/due date
2	3	**Pension submission reconciliation** During our testing on the transactions relating to pensions, we found that there was no evidence to support whether the information provided by the actuary and included within the accounts had been reviewed for reasonableness and reconciled to figures provided to the actuary. **Recommendation** Evidence of a review of information provided by the actuary, and comparison with data provided should be retained in line with good practice.	This recommendation is accepted and a reconciliation of the information received from the actuary to the payroll data held by London Councils will be performed, documented and retained on an annual basis commencing from the closure of the 2016/17 accounts. Recommendation will be implemented by the Head of Financial Accounting in April 2017

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Appendix two

Audit differences

This appendix sets out the audit differences we identified.

The financial statements have been amended for all of the errors identified through the audit process.

There is no net impact on the revenue account.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Uncorrected audit differences

We are pleased to report that there are no uncorrected factual audit differences (see below for explanation of projected misstatement).

Corrected audit differences

During our debtor and creditor testing, we noted several instances where Q4 admin costs had not been assigned correctly for the European Social Fund grant. This misallocation of costing's lead to both debtors and creditors being overstated.

Officers agreed with the audit adjustments and have adjusted the Joint Committee accounts

Dr Current Creditors	£15,738
Cr Current Debtors	£15,738

Presentational improvements

There were a number of narrative adjustments throughout the accounts and accompanying notes. There was nothing specific to bring to the Audit Committees attention

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Appendix two

Materiality and reporting of audit differences

For 2015/16 our materiality for the consolidated Joint Committee was £1.4 million. The materiality levels for the individual Committee's were as follows;

- **Joint Committee core - £270k**
- **Grant Committee - £220k**
- **Transport and Environment Committee - £980k**

We have reported all audit differences over each committee's triviality level, which is as follows;

- **Consolidated Joint Committee -£70k**
- **Joint Committee core - £13k**
- **Grant Committee - £11k**
- **Transport and Environment Committee - £45k**

Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

— Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

— Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

— Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2015/16, presented to you in March 2016.

Materiality for the Joint Committee accounts was set at £1.48 million which equates to around 2% percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision. For the Joint Committee core statements we have used £270k for materiality.

Materiality for the Transport and Environment Committee accounts was set at £986k which equates to around 2% percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Materiality for the Grant Committee accounts was set at £220k which equates to around 2% percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of London Councils, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £70,000 for the Joint Committee overall with £13,000 for its core activities, £11,000 for the Grant Committee and £45,000 for the Transport and Environment Committee.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

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Appendix four

Declaration of independence and objectivity

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the financial statements of the Joint Committee, Transport and Environment Committee and Grant Committee.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements of London Councils for the financial year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and London Councils, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards requirements in relation to independence and objectivity.

Audit Fees

Our fee for the audit was £35,100 plus for the audit of the financial statements of Joint Committee, Transport and Environment Committee and Grant Committee and £900 plus VAT for the audit of London Councils Limited. This fee was in line with that included within our audit plan agreed by the Audit Committee in March 2016.

Non-audit services

We have not been engaged to provide any non-audit services in the year.

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Audit Committee

Statutory Final Accounts 2015/16 Item no: 05

Report by:	David Sanni	**Job title:**	Head of Financial Accounting
Date:	22 September 2016		
Contact Officer:	David Sanni		
Telephone:	020 7934 9704	**Email:**	david.sanni@londoncouncils.gov.uk

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Summary

This report presents the audited statement of accounts for 2015/16 for approval.

The accounts to be approved comprise of London Councils Consolidated Statement of Accounts for 2015/16, London Councils Transport and Environment Committee Statement of Accounts for 2015/16 and London Councils Grants Committee Statement of Accounts for 2015/16.

Recommendations

The Audit Committee is asked:

- To approve the statement of accounts, as detailed at Appendices A to C of this report.

KPMG LLP
15 Canada Square
London
E14 5GL

Contact: David Sanni
Direct line: 020-7934 9704
Email: david.sanni@londoncouncils.gov.uk

Our reference:
Your reference:
Date: 22 September 2016

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of London Councils Joint Committee ("the Committee"), for the year ended 31 March 2016, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the financial position of the Committee as at 31 March 2016 and of the Committee's expenditure and income for the year then ended; and

ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

These financial statements comprise the, the Consolidated Movement in Reserves Statement, Consolidation Comprehensive Income and Expenditure Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes.

I acknowledge my responsibilities as S151 Officer for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the Committee and that I am responsible for making accurate representations to you.

I confirm that the representations I make in this letter are in accordance with the definitions set out in the Appendix to this letter.

I confirm that, to the best of my knowledge and belief, having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial statements

1. I have fulfilled my responsibilities for the preparation of financial statements that:

i. give a true and fair view of the financial position of the Committee as at 31 March 2016 and of the Committee's expenditure and income for the year then ended;

ii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

2. The financial statements have been prepared on a going concern basis.

3. Measurement methods and significant assumptions used by the Committee in making accounting estimates, including those measured at fair value, are reasonable.

4. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

Information provided

5. I have provided you with:

   - access to all information of which I am aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

   - additional information that you have requested from the Committee for the purpose of the audit; and

   - unrestricted access to persons within the Committee from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. I confirm the following:

   i) I have disclosed to you the results of the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

   ii) I have disclosed to you all information in relation to:

      a) Fraud or suspected fraud that we are aware of and that affects the Committee and involves:

         - management;

         - employees who have significant roles in internal control; or

         - others where the fraud could have a material effect on the financial statements; and

DRAFT

b) allegations of fraud, or suspected fraud, affecting the Committee's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, I acknowledge my responsibility for such internal control as I determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. I have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. I have disclosed to you the identity of the Committee's related parties and all the related party relationships and transactions of which I am aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

11. I confirm that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Committee's ability to continue as a going concern as required to provide a true and fair view.

    b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Committee to continue as a going concern.

12. On the basis of the process established by the Committee and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) Employee Benefits.

    I confirm that:

    a) all significant retirement benefits, including any arrangements that are:

        - statutory, contractual or implicit in the employer's actions;
        - arise in the UK and the Republic of Ireland or overseas;
        - funded or unfunded; and
        - approved or unapproved,

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have been identified and properly accounted for; and

b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

As approved by London Councils Audit Committee at its meeting on 22 September 2016.

……..
Frank Smith, CPFA
Director, Corporate Resources

For and on behalf of London Councils Joint Committee

22 September 2016

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Appendix to the Committee Representation Letter of London Councils: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> "Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and

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b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

a) A person or a close member of that person’s family is related to a reporting entity if that person:

    i. has control or joint control over the reporting entity;

    ii. has significant influence over the reporting entity; or

    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

    ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

    iii. Both entities are joint ventures of the same third party.

    iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

    v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

    vi. The entity is controlled, or jointly controlled by a person identified in (a).

    vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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Key management personnel in the Committee context are all directors (or equivalent), elected members, the chief executive of the Committee and other persons having the authority and responsibility for planning, directing and controlling the activities of the Committee, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and

b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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Introduction

1. This report presents the annual audited statements of accounts for approval. The accounts to be approved comprise of London Councils Consolidated Statement of Accounts for 2015/16, London Councils Transport and Environment Committee Statement of Accounts for 2015/16 and London Councils Grants Committee Statement of Accounts for 2015/16. London Councils' financial regulations require the Director of Corporate Resources to present the audited statement of accounts to the Audit Committee for approval by 30 September each year.

2. KPMG has completed the audit of the provisional consolidated accounts for London Councils (incorporating the activities of London Councils Limited) and the separate statutory accounts for both the Grants Committee and the Transport and Environment Committee for 2015/16. The Audit Committee is therefore asked to approve these audited, together with the annual report, which is subject to a separate report on this agenda.

Audited Financial Results 2015/16

3. The London Councils' Executive noted the pre-audited financial results for 2015/16 at their meeting on 21 June 2016. This report showed the provisional levels of income and expenditure for the year, and compared the results against the approved budget. There has been no change to the provisional surplus of £3.293 million following the completion of the audit.

4. The finalised revenue outturn for 2015/16, split across the three funding streams, is highlighted in Table 2 below:

Table 2 - Audited surplus 2015/16 split across funding streams

	Grants	**TEC**	**Core**	**Consolidated**
	£000	**£000**	**£000**	**£000**
Total Expenditure	8,889	46,405	13,594	68,888
Total Income	(9,509)	(46,945)	(12,860)	(69,314)
Interest income/expense	32	241	485	758
(Surplus)/Deficit for the year before transfer from reserves	**(588)**	**(299)**	**1,219**	**332**
Use of Reserves	(579)	(731)	(2,315)	(3,625)
Audited surplus for the year after transfers from reserves	**(1,167)**	**(1,030)**	**(1,096)**	**(3,293)**

5. In accordance with Local Authority Accounting (LAA), the use of reserves during the year is excluded from each of the Comprehensive Income and Expenditure Statements featured in the audited accounts so that the statements only reflect the income and expenditure due in the relevant financial year. LAA also requires that actuarial gains or losses on the pension scheme during the year are included in the statement to derive the Total Comprehensive Income and Expenditure. These gains or losses which have not been realised arise due to the actual experience or events differing from the assumptions

adopted by the actuary at the previous valuation. The effect of these requirements on the audited accounts is summarised in Table 3 below:

Table 3 – Adjusted position 2015/16 as shown in the statutory accounts

	Grants	TEC	Core	Consolidated
	£000	£000	£000	£000
(Surplus)/Deficit for the year before transfer from reserves	**(588)**	**(299)**	**1,219**	**332**
Actuarial gain on pension assets/liabilities	(397)	(1,406)	(2,093)	(3,896)
Total Comprehensive Income and Expenditure	**(985)**	**(1,705)**	**(874)**	**(3,564)**

6. London Councils set a balanced budget for all three funding streams for 2015/16. An analysis of the main variances was included in the pre-audited report presented to the Executive in June. An update on the audited position will be presented at the next meeting of the Executive. An analysis of the main variances that contributed to the audited surplus of £3.293 million is included for information for the Committee in Table 4 below:

Table 4 – Analysis of revenue account surplus 2015/16

	£000
Grants Committee	
Underspend on main grants programme	(179)
Underspend on ESF match funded programme	(988)
Transport & Environment Committee	
Underspend on Freedom Pass non-TfL bus services	(698)
Net surplus on Lorry Control administration & PCN income	(416)
Net surplus on Freedom Pass survey and reissue costs	(257)
Net deficit on parking appeals	225
Net deficit on London Tribunal administration	165
Core Joint Committee	
Underspend on employee costs	(184)
Underspend on improvement and efficiency work	(109)
Underspend on research and commissioning	(221)
Underspend on borough contributions to LCP	(87)
Net surplus on central recharges	(481)
Residual variances across all funding streams	(63)
Audited surplus for the year	**(3,293)**

7. Detailed explanation of these variances can be found in the Narrative Report on pages 22 to 25 of the Consolidated Statement of Accounts at Appendix A.

8. The level of usable reserves for each funding stream as at 31 March 2016 has been confirmed as follows:

Table 5 – Audited position on reserves as at 31 March 2016

	Grants	TEC	Core	Consolidated
	£000	£000	£000	£000
Audited Reserves at 1 April 2015	**1,324**	**3,535**	**6,623**	**11,482**
Transfer to Revenue	(498)	(296)	(1,340)	(2,134)
Surplus for the Year	1,167	1,030	1,096	3,293
Audited Reserves at 31 March 2016	**1,993**	**4,269**	**6,379**	**12,641**

9. The IAS19 (formerly FRS17) Pension Deficit has decreased from £25.449 million as at 1 April 2015 to £23.026 million as at 31 March 2016, a decrease of £2.423 million. The reason for this reduction in the pensions deficit is primarily due to changes in the financial assumptions in relation to discount rate yields and the CPI inflation rate that have led to a reduction in the defined benefit obligation. This deficit will continue to be recovered through future employers' pension contribution rates and anticipated improved returns on existing pension fund assets and will not, therefore, be a first call on existing London Councils reserves.

The Statutory Accounts

10. The audited statutory accounts can be found at Appendices A – C. The accounts consists of the following core statements:

- **Movement in Reserves Statement**
  This statement shows the movement in the year on the different reserves held by the Committee, analysed into usable reserves and unusable reserves.

- **Comprehensive Income and Expenditure Statement**
  This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

- **Balance Sheet**
  The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets of the Committee (assets less liabilities) are matched by the reserves held by the Committee.

- **Cash Flow Statement**
  The Cash Flow Statement shows the changes in cash and cash equivalents of the Committee during the reporting period.

11. The statement of accounts include a number of notes that provide further detail to the cost, income and balances shown within the core statements.

12. Each statement also contains a review of the Committee's activities during the year, a Narrative Report which provides a summary of the financial outturn and an Annual Governance Statement (AGS) which is a description of the key elements of the systems and processes that comprise the governance arrangements and the procedures applied

to maintain and review their effectiveness. London Councils' AGS for 2015/16 was approved by the Audit Committee at their meeting on 22 June 2016.

Financial Implications

The financial implications are contained in the body of the report.

Legal Implications

London Councils' financial regulations require the Director of Corporate Resources to to present the audited statement of accounts to the Audit Committee for approval by 30 September each year.

Equalities Implications

None

Appendices

Appendix A: London Councils Joint Committee Consolidated Statement of Accounts for the year ended 31 March 2016
Appendix B: London Councils Transport and Environment Committee Statement of Accounts for the year ended 31 March 2016
Appendix C: London Councils Grants Committee Statement of Accounts for the year ended 31 March 2016

Background papers

2015/16 Final accounts working files

Appendix A

LONDON COUNCILS JOINT COMMITTEE

CONSOLIDATED STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2016

LONDON COUNCILS - JOINT COMMITTEE

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REVIEW OF THE YEAR

About London Councils

London Councils represents London's 32 borough councils and the City of London.
It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion.

London Councils makes the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses.

London Councils runs a number of direct services for member authorities including the Freedom Pass, Taxicard and Health Emergency Badge. It also runs an independent parking appeals service and a pan-London grants programme for voluntary organisations.

London Councils acts as a catalyst for effective sharing among boroughs – be that ideas, good practice, people, resources, or policies and new approaches.

The strategic direction of London Councils is set by the Leaders' Committee, which comprises the Leaders and directly elected Mayors of all of London's local authorities. There is also a cross-party Executive, which guides the organisation's day-to-day work.

Adding Value for London Boroughs

London Councils acts as host for a number of bodies which add value to the work of our member authorities by helping them co-ordinate their work with pan-London organisations.

These include:

London Safeguarding Children Board (LSCB), representing London's councils in a broader partnership with police, health and other partners to promote child safeguarding across London.

London Young People's Education and Skills (YPES) Board – the lead strategic body for 14-19 education and training in the capital.

London Councils is the **Regional Employers' body for London local authorities**. Boroughs are members of the Greater London Employment Forum and are represented on the Greater London Provincial Council for the purposes of negotiations with trades unions.

Capital Ambition, established in 2008 as the regional improvement and efficiency partnership for London. Capital Ambition has led and supported London local authorities in realising greater efficiency, performance improvement, innovation and new ways of working together to delivery local public services in the boroughs. Since 2013, Capital Ambition has driven innovation in local government through the **London Ventures** programme.

London European Partnership for Transport (LEPT), which provides the London boroughs with support and access to European funding for transport projects.

London Councils was also instrumental in 2015 in the creation of a new collective investment vehicle for Local Government Pension Scheme (LGPS) funds, the **London CIV**. The London CIV, established by London Councils and initially chaired by Mayor Jules Pipe, was created to help reduce costs and improve investment returns for LGPS funds across the capital.

In September 2015 Lord Kerslake was appointed non-executive chair of the interim board of directors and in November 2015 the London CIV became the first such scheme to be fully authorised in the UK by the Financial Conduct Authority.

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London Councils also provides a key interface between boroughs, the London Fire Brigade, the Greater London Authority (GLA) and the other emergency services on issues around city management and resilience.

Advancing London Local Government

Member authorities have their own relationships with pan-London organisations and in particular with the Mayor and the GLA. There are, however, a range of issues where the Mayor, the GLA and other pan-London organisations seek to establish negotiation or dialogue with London's boroughs. On these issues, London Councils acts as the focal point for representing borough interests – informed by the political and professional networks that we run. We then enable that information to be shared and disseminated quickly with member boroughs.

To ensure that our member authorities have influence in the decisions made at pan-London level that impact on them and the communities they serve, London Councils has developed a series of shared arrangements with the Mayor, Transport for London (TfL), Metropolitan Police, health and other partners, including London business organisations. London Councils nominates – on a cross party basis – members to serve in such shared governance arrangements, including the:

- London Crime Reduction Board
- London Enterprise Partnership
- London Health Board
- Homes for London Board
- London Waste and Recycling Board

Some of these have statutory underpinning. The overall progress of these is monitored jointly by the Mayor and borough leaders.

In addition, London Councils ensures that the London local government perspective is part of policy development at national level by, for example, organising a full set of ministerial meetings and senior official discussions, and also by promoting ideas and policies at each of the party conferences.

London Councils was also instrumental in establishing the **London All Party Political Group (APPG)** in May 2015, set up to promote London in the interests of all its people, places and businesses as a global city and powerhouse of the economy. Since then the London APPG has met regularly to explore a London approach to key areas of the devolution agenda, housing, transport, welfare and infrastructure. Most recently the APPG secured a debate on education funding in London.

London Councils provides the secretariat to the group on behalf of London government, including the Mayor of London and the London Assembly.

Devolution and Public Service Reform

Both in their scale and in their complexity, the challenges facing London are unique. At a time of growing demand and ongoing public finance constraint, devolution and public service reform are not merely desirable but essential. That is why London Councils, in partnership with the Mayor, has been making the case for an ambitious new settlement across all tiers of government that can provide a sustainable solution.

Over the past four years the Mayor and the boroughs have worked together, and with partners across London and beyond, to promote the benefits of reform. We have argued that democratically accountable, locally integrated services offer the best solutions to meeting the challenges faced by a global city in the 21st century.

REVIEW OF THE YEAR (continued)

London Councils has long been in the vanguard of the devolution debate; supporting the Mayor of London's London Finance Commission, jointly commissioning the Royal Society for the encouragement of Arts, Manufacturers and Commerce (RSA) City Growth Commission with the Core Cities, Local Government Association and Greater London Authority and working closely with the Greater London Authority on the London Growth Deal.

In July 2015, the Mayor and the borough leaders agreed a 'London Proposition on Devolution and Reform' that encapsulated the broad territory for negotiation with government officials on a package of measures designed to deliver clear benefits for Londoners, the economy in London and in the country as a whole.

In September 2015, London Councils and the Mayor of London submitted joint proposals to government setting out a series of inter-related reforms that London government wishes to deliver to provide a sustainable solution to tackling the capital's deep seated challenges.
In its response to these proposals, the government has agreed significant next steps in the areas of employment support, skills, health and fiscal devolution.

- The government has made a specific commitment that the Mayor of London and London boroughs will jointly commission employment support to assist the very long term unemployed and those with health conditions and disabilities to (re)-enter work-(from 2017 through the new Health and Work Programme).

- The government has indicated that the Adult Education Budget will be devolved to London government from 2018/19 onwards.

- A London Health and Care Collaboration Agreement and a London Health Devolution Agreement between the Chancellor, Mayor of London, and Health partners. The London Health and Care Collaboration Agreement describes the role of five pilots in delivering transformation across London.

In October 2015 the government proposed that local government should retain 100 per cent of the business rates it collects by 2020. London Councils has long advocated the devolution of business rates, along with other taxes, and has worked consistently to develop practical proposals to support that aim. In December, our Leaders' Committee agreed to work jointly with the Mayor of London to develop a 'London Proposition' for business rates, and endorsed four overarching ambitions for the proposed reforms, stating that rates retention and the transfer of responsibilities should:

- Be contingent on improvements to the business rates system.
- Support London's ambitions for devolution and public service reform.
- Support the devolved governance of London.
- Be the start, not the end, of fiscal devolution.

London Councils has been leading the work with London local government as a whole, and with the Mayor of London, to translate these ambitions into a set of principles that can underpin discussions with government on a devolved regional approach to setting, collecting and managing business rates in the capital.

In March, the government confirmed that it would explore early implementation of the reforms in London (along with Greater Manchester and Liverpool).

Finance and Resources

An essential core of London Councils' work is to ensure that our member boroughs have the resources to deliver and improve services for Londoners and the places our communities live and work. We make the case to government and others on behalf of member boroughs in terms of both specific funding streams and overall resources base to ensure the capital's councils are able to continue to deliver the services and environment a global city requires. In 2015/16, we:

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- Made the case for and secured four year funding allocations in the 2016/17 Local Government Finance Settlement in February, providing greater certainty over medium term funding allocations.

- Produced a range of analysis and tools for boroughs to use as part of their financial planning.

- Lobbied for a more equitable method for distributing Revenue Support Grant to be more reflective of need and wider resources available to local authorities. The government listened, changing the method of RSG distribution in the 2016/17 Local Government Finance Settlement to the benefit of London boroughs as a whole by around £500 million over four years.

- Lobbied consistently for the retention of business rates for London – including in our in SR15 submission. The government announced in October 2015 that the sector as a whole will retain 100 per cent of business rates by 2020. London has been announced as a pilot area to explore devolution of business rates prior to 2020 (confirmed in Budget 2016). London Councils has been leading the work with London local government as a whole and with the Mayor of London, to develop the principles that would underpin a London Proposition to government on Business Rate Retention.

- Lobbied for adult social care funding pressures to be fully funded at the 2015 Spending Review. The government found an additional £3.5 billion nationally for adult social care over the next four years. While this is unlikely to be enough to fully fund adult social care pressures in London, it does show the lobbying arguments proposed by London Councils, the LGA, ADASS and others about the adult social care funding pressures were recognised by government.

- Successful engagement with Department for Work and Pensions over discretionary housing payment allocations led to amendment to distribution methodology that directed an extra £1 million to London boroughs.

Housing and Planning

Housing is a critical issue for London. The capital's housing market has become increasingly out of kilter with the rest of the country, resulting in real pressures on affordability for a growing number of Londoners. We need to build tens of thousands of new homes every year to keep pace with a growing population and address a long standing housing need backlog that has a range of implications for the capital and its economy. In December the number of homeless London households in temporary accommodation exceeded 50,000, representing three quarters of all households in temporary accommodation in England.

In a survey commissioned by London Councils and carried out by Ipsos MORI in October 2015, more than 88 per cent of Londoners cited housing as their number one concern, compared to Ipsos' national monthly issues index where housing is only the fifth most important issue for those outside the capital.

London Councils has been at the forefront of highlighting London's housing crisis and its implications. We continue to work closely with boroughs to support their efforts to manage the effects of the crisis and make the case for stronger housing delivery powers to help powers address its cause.

In 2015/16 this work has included:

- Working closely with MPs, peers and government officials through the passage of the Housing and Planning Bill to promote amendments and influence the shape of the legislation.

- Commissioning research to scope the potential for collaborative housing delivery mechanisms across London boroughs and agreeing a set of asks of government to support a new approach.

REVIEW OF THE YEAR (continued)

- Negotiating a joint London government proposal for a case to government for reforms in housing and planning to increase supply.

- Supported the early activity of the London Land Commission and implementation of the Mayor's Housing Zones policy.

- Lobbied to raise concerns about the impact of the 1 per cent rents cut on housing in London, presenting evidence on the impact on housing supply, and calling for an exemption for supported housing. This cut has now been suspended for a year pending further government consideration.

- Responded to government's proposals to 'Pay to Stay' for social housing tenants, promoting the need for more local discretion and a taper system. Following our lobbying, government has confirmed intention to introduce a taper system to help ensure rent increases are proportionate.

- Lobbied government for flexibilities around the use of council Right to Buy receipts, including full receipt retention locally and the ability to combine with other funding streams.

- Influenced the housing debate through submissions to the Lyons Commission, IPPR London Housing Commission, and others.

- Supported borough housing development activity by publishing case studies of local housing investment approaches and facilitating a workshop for officers to discuss local housing companies, share good practice and hear legal advice.

- Commissioning and promoting polling data from Ipsos Mori that secured coverage in *Evening Standard* and other key media.
- Conducting research into the impact of office to residential permitted development rights in London, backed with a media campaign, successfully securing continued exemptions until 2019.

- Responded to government consultation on proposed changes to National Planning Policy Framework, highlighting London's concerns about changing definitions of affordability, and securing Starter Homes amendments in the House of Lords

- Pressed the government to localise planning fees: following pressure from London Councils and partners, government has recently announced a commitment to allow 'well-performing' councils to increase their fees in line with inflation

- Publishing independent research to assess how councils are contributing to temporary accommodation (TA) costs through their own local resources and to understand how homelessness pressures have changed over recent years.

- Submitted evidence to Treasury and DCLG on the costs of TA to local authorities and calling for the protection of the homelessness prevention grant funding, which has now been maintained; our lobbying also helped secure an increased and devolved settlement for the TA management fee, as well as an additional £5 million funding for London boroughs to help relieve TA pressures.

- Published homelessness information resource for journalists and borough communications teams, to clarify local authority responsibilities and the context in which decisions are taken.

- Working with boroughs to improve data sharing and notification in relation to temporary accommodation placements outside London, to ensure a better understanding of the issue and more accurate media coverage.

REVIEW OF THE YEAR (continued)

- Promoting collaboration between boroughs to secure a consistent approach to nightly paid TA, securing costs savings for boroughs on new nightly bookings.

- Facilitating events and case studies for borough officers to share best practice on homelessness relief and prevention.

Transport, Environment and Infrastructure

London Councils works with and for its member boroughs on a range of transport, environment and infrastructure challenges faced by the capital. London Councils' work in this area is governed by its Transport and Environment Committee (TEC), a statutory committee of councillors from the 32 London boroughs and the City of London. In 2015/16, we:

- Agreed Joint Working Arrangements between TEC and Thames Regional Flood and Coastal Committee (TRFCC) and approved levy increase.

- Set Fixed Penalty Notice (FPN) levels for anti-social spitting and urinating etc in public, noise in public, feeding birds in public spaces; and Penalty Charge Notice (PCN) levels for illegal builders' skips. For clarity, we published a comprehensive FPN/PCN table on our public website.

- Worked with TfL to develop a Car Club Strategy for London.

- Made the case for increased resource and capacity for flood management.

- Provided legal advice to boroughs on EU infraction through the London Air Quality Steering Group.

- Opposed TfL's proposal to replace the 10 year age limit for taxis with a voluntary decommissioning scheme for taxis between 10 and 15 years-old.

- Developed closer working with LEDNET through a new officer post established within London Councils and through a joint response to London Assembly investigation on environmental pressures of growth.

- Commissioned polling of Londoners' attitudes to infrastructure on London and how it should be funded – and hosting a successful member and officer event on Opportunity Areas and their infrastructure needs. London Councils first infographic 'London Needs' (November 2015).

- Established a working group with TfL and borough reps to influence TfL's decision regarding the process for LIP funding in 2017/18 and 2018/19.

- Jointly, with London Travel Watch and Trust for London, commissioning and publicising research into the travel costs of outer London commuters. The final report 'Living on the Edge' achieved wide media coverage.

- Made successful representations to the London Assembly Transport Committee on boroughs' concerns about rail devolution (impact on Freedom Pass costs and the need to involve boroughs in franchising decisions).

- Submitted a successful OLEV bid with TfL and GLA and receiving £13 million in OLEV funding as a result.

- Made the case for increased borough input into rail franchises that has been reflected in the DfT / TfL rail prospectus launched in January 2016.

REVIEW OF THE YEAR (continued)

We have represented borough views on a wide range of consultations and reviews in the past year, including:

- The London Assembly investigation on solar power in London.
- TfL night bus consultation response,
- Crossrail 2 Growth Commission consultation (and gave oral evidence).
- TfL Crossrail 2 Consultation (January 2016).
- TfL Private Hire Regulations Review.
- The National Infrastructure Commission call for evidence.
- The Mayor's London Local Air Quality Management proposals (borough concerns discussed with the GLA prior to the consultation led to changes with outstanding borough concerns reflected in London Councils consultation response.
- TfL consultation on ULEZ; this resulted in positive outcomes with TfL announcing that a further 400 Euro V buses outside central London would be retrofitted to meet the Euro VI standard, which responded to one of our key ULEZ lobbying points. TfL has also started work to consider the expansion of the ULEZ, following our lobbying and boroughs have been invited to be part of an engagement group. TfL has kept boroughs engaged in the process of considering options for expanding the ULEZ, which included an update to TEC (December 2015).
- We also submitted a response to the Energy and Climate Change Committee's call for priorities for scrutiny, suggesting the scrapping of zero carbon homes and Green Deal without replacement, the Climate Change Levy, changes to FiT, changes to VED and the roll out of smart meters (August 2015)

Economic Growth and Regeneration

The London economy is the biggest net contributor to both government finance and the UK economy. London has led the recovery and over the past decade it has created more than three quarters of a million jobs. But despite its size, London has a varied economy, and Londoners face a distinct set of challenges in accessing the labour market. Too many Londoners are workless and we need to do more to ensure our residents have the skills to compete effectively in a competitive global economy. Over recent years, London Councils has been making to case, in partnership with the Mayor of London and other partners both within the capital and nationally, that devolution and reform of public services will be essential to deliver clear benefits for Londoners, the economy in London and in the country as a whole. In pursuit of these goals in 2015/16, we:

- Secured a commitment in the 2015 Spending Review that the government will co-design and co-commission the new Work and Health Programme with London government. Only London and Manchester received this level of commitment.
- Secured a commitment in the 2015 Spending Review that JCP will increase its co-location with local authorities and are working with DWP to inform the development of Universal Support.
- Ensured that London boroughs played a leadership role in the Area Review process around adult skills, with borough Leaders chairing the sub-regional area review steering groups and London Councils determining sub-regional geographies for the area reviews that reflect boroughs' joint working.

REVIEW OF THE YEAR (continued)

- Developed proposals for a two-tier system of devolution of adult skills in London, where some funding will pass to sub-regional groups of boroughs, and agreed this with the Mayor of London.

- Developed a skills vision for London, working with the GLA, to guide the commissioning of the Adult Education Budget (AEB) should this be devolved to London government.

- Developed specifications for European Social Fund (ESF) programmes around adult skills and troubled families that reflect London borough priorities. These will be commissioned by the Skills Funding Agency (SFA) and the Department for Work and Pensions (DWP) on a sub-regional basis, determined by London boroughs.

- Published a summary report to demonstrate the wide range of support that London boroughs provide for arts and culture, with proposals for sustaining some of this report under financial pressure, and secured extensive media coverage for this.

- Published a report outlining the tools and powers London boroughs need to continue to support economic growth in their high streets and town centres.

- Held our annual London Borough Apprenticeship Awards in September 2015 to celebrate the work of London boroughs in generating and supporting apprenticeships and continued to support boroughs to create over 1,500 apprenticeships in 2014/15.

- With the Federation of Small Businesses, held a Small Business Friendly Borough Awards in November 2015 to celebrate the work of boroughs to support small businesses in their area.

Education and Children

Our Children and Young People team co-ordinates policy work and represents the interests of boroughs on a pan-London basis in relation to all aspects of children's services in the capital. They work closely with groups such as the Association of London Directors of Children's Services (ALDCS) on a wide range of issues relating to children, young people and their families.

School places

London schools have been transformed over the past 15 years. In 1989, the year before boroughs took over responsibility from the Inner London Education Authority, fewer than 9 per cent of pupils in inner London secondary schools achieved five or more GCSE at grade A* - C, compared to 17 per cent nationally. Today, the equivalent figures are 71.2 per cent for London compared to 66.5 per cent nationally.

Demand for London schools continues to grow and London has seen its school age population grow at twice the rate of any other region in recent years. In April 2015, London boroughs received 103,387 applications for primary school places – a record number for the capital and 900 more than in the previous year. And in March 2016 the number of applications for London secondary schools was 86,954, a 3 per cent increase over the previous year and reflecting the emerging pressure London is facing as London's primary growth works its way through to secondary schools.

Keeping pace with such a rapid increase in pupils is a significant challenge for London's boroughs. In recent years boroughs, with the hard work of school leaders, have managed to increase school capacity by nearly 213,000 places across the capital (May 2010 – May 2014), but a further 10 per cent capacity will need to be added between 2015 and 2020, almost twice as much capacity compared to the rest of England.

REVIEW OF THE YEAR (continued)

London Councils' research has been key to making the case to government that London cannot realistically continue to meet the growing shortfall in school capacity without sufficient funds. In September 2015, London Councils published the latest in its series of *Do the Maths* publications, which track the pressure on the capital's schools. This analysis demonstrated that London will need to create an additional 146,000 (78,275 primary and 34,845 secondary) school places over the next five years. London needs at least £1.5 billion of Basic Needs Funding by 2020 to create the new places required.

And the picture of school demand in the capital is further complicated by the fact that more London pupils cross boundaries to attend school than anywhere else in England, with more than 136,000 London pupils being taught in a school outside of the local authority they live in. This represents 13 per cent of the total and is twice the rate in Greater Manchester (6 per cent). Getting the right schools in the right places is vital to the continuing success of the capital's schools and, in October 2015, a YouGov poll commissioned by London Councils found that 80 per cent of the capital's parents agreed that their local council should have the final say on the location of new schools within their boundaries.

London Councils' analysis has supported a widespread campaign to raise awareness of the pressures on London schools that has achieved considerable media coverage, including a front page story in the *Evening Standard*.

In November 2015 the government announced plans to introduce a new National Funding Formula for schools and in the 2016 Spring Budget the Chancellor announced plans to require all schools to become Academy schools by 2022.

London Councils recently submitted its response to the first part of the consultation on the introduction of the NFF for schools in April 2017. This response made clear London local authority concerns that any change to the way schools are funded should be fair and transparent and that no local authority area should experience a loss in schools funding as a result of the introduction of the NFF. We have led calls on behalf of London boroughs for a levelling up of funding across the country to ensure every school is given the tools to be able to match the country's best performing schools in London.

The consultation response also makes clear boroughs' concerns that rolling out an NFF at the same time that maintained schools will be converting to academy status could create considerable turbulence in the system that could financially destabilise our schools and put continued improvement at risk.

Other key outcomes in 2015/16 included:

- Securing £200 million of new SEND school places funding.
- Securing government agreement to conduct an independent analysis of the costs of childcare.
- Coordinating the successful transfer of commissioning responsibility for health visiting and Family Nurse Partnership commissioning and secured additional funding that ensures the London starting position is £5.4 million per year better than it would have been.
- Promoting ideas and best practice to improve child protection in the capital, including through the London Safeguarding Children Awards and, in March 2016, a conference on safeguarding children from extremism.

Health and Adult Care

London boroughs have longstanding responsibilities for adult social care and have more recent widened responsibilities for new public health functions. London faces the significant challenge of taking on these new responsibilities and caring for a rapidly growing population, particularly among vulnerable groups more likely to need care, at a time of ongoing tightening public finances and significant reform of health services generally.

REVIEW OF THE YEAR (continued)

London Councils has been engaging with government and the NHS to ensure London local government's commitment to and responsibilities for the health of Londoners are recognised and reflected in reforms. London Councils was the first to develop a credible model of the financial costs of the Care Act used to highlight new burdens pressures of £85 million in 2015/16 and further new burdens of at least £738 million between 2016/17 and 2019/20.

This work was critical in getting the Department of Health to redistribute funds available for the introduction of the Care Act in 2015/16 and London Councils' lobbying for additional funding for adult social care was also exemplified in the new power to levy an adult social care precept, announced in the 2015 Spending Review.

London Councils fully supports moves to greater integration between health and care and supports the government's ambitions for the Better Care Fund (BCF) to drive forward transformation and integration.

London Councils made the case for a reduction of the overly bureaucratic and complex systems that local areas had to go through in reporting for the 2015/16 BCF plans, and it is therefore particularly welcome that in 2016/17 there will be a reduction in the reporting that local areas will have to go through in the assurance process.

All local areas also now have a target of 2017 to ensure that they have a plan for how they will achieve full integration by 2020. London Councils will be lobbying government to ensure that local areas are not overly burdened by complex systems and that they are given flexibility in drawing up their local plans for full integration.

London Councils has also played a key role in bringing together boroughs and partners across the health landscape to secure a collective agreement to transform health and wellbeing outcomes for Londoners.

In December 2015 negotiations with government concluded and two public agreements were announced:

1. A Health and Care Collaboration Agreement between London partners, CCGs, London boroughs, the Mayor of London, NHS England in London and Public health England in London. The Agreement describes the role of five pilots in delivering transformation across London:

- Sub-regional care transformation – Barking & Dagenham, Havering and Redbridge
- Sub-regional estates – Barnet, Camden, Enfield, Haringey and Islington
- Local care integration (two pilots) – one in Hackney and one in Lewisham
- Local prevention – Haringey

2. A London Health Devolution Agreement between the Chancellor, Mayor of London, the Chief Executive of the NHS, the Chair of London Councils, the Secretary of State for Health, the Chair of the London Clinical Commissioning Council and the Chief Executive of Public Health England.

Taken together both agreements present significant opportunities to improve the health and care of Londoners through devolution and a significant programme of work for London boroughs engaged in the devolution pilots that will require governance at a borough, sub-regional and pan-London level.

Policing and Crime

Crime is naturally a key concern for residents, businesses and visitors to the capital and London Councils works to ensure that the interests of Londoners and their local democratic representatives are fully recognised in policing the capital, in the development of community safety policies and in the allocation of funding.

REVIEW OF THE YEAR (continued)

Our team works on a wide range of policy issues relating to crime, criminal justice and community safety, including the threat of terrorism, violence against women and girls, anti-social behaviour, anti-violence and reducing re-offending.

Work in 2015/16 included:

- Setting up and supporting the delivery of the new London CONTEST board, in collaboration with the Metropolitan Police Service, the Mayor's Office for Policing and Crime and government. Launched in July 2015, the London CONTEST board has been created to deliver a strategic approach to tackling threat, risks and vulnerabilities in London, looking across the four strands of the government's counter-terrorism strategy: Prevent, Protect, Pursue and Prepare.

- Working to influence the future of local policing and community safety during a critical time in the public spending and planning cycle. This included responding to the MPS/ Royal Society of Arts consultation on the future of the MPS, to emphasise the importance of local and neighbourhood policing. We have also facilitated informal conversations with MPS Management Board and worked with MOPA to help shape future Crime Prevention Funding

- Fully engaging with pan-London partnership working, including through the London Crime Reduction Board and on a bilateral basis , for example with the Community Rehabilitation Company to make the case for a continued local approach to integrated Offender management.

- Work with MOPAC and the CRC to ensure that boroughs are able to maximise their use of the Pan-London Gangs Exit and Resettlement. Our focus is on ensuring that the referral routes are well publicised and all boroughs have fair access to the 300 places that will be avail on the scheme per year.

- Supported boroughs in delivering locally led youth justice provision, engaging with national and regional partners on options for reform and arguing for the maintenance of local resources .

- Supported local government in leading on tackling Anti-Social Behaviour. This included collating and publishing a comprehensive set of borough good practice case studies showcasing borough approaches to managing risk and vulnerability in relation to anti-social behaviour and examples of ways in which boroughs have successfully implemented new tools and powers available under the Anti-Social Behaviour Act 2014.

- Supporting and promoting local responses to tackling crime and its causes through the POP (Problem Oriented Partnership) Awards. The awards are a collaboration between London Councils, the Metropolitan Police Service, the Mayor's Office for Policing and Crime and Transport for London. Now in their 10th year, 2015 Award winners included schemes in Ealing, Lambeth, Newham and Waltham Forest.

- Supported boroughs in tackling violence against women and girls, working with MOPAC and the VAWG Panel, to take forward the 5 objectives agreed as part of the London Strategy; This included organising and hosting a well attended member event on tackling sexual and domestic violence and publishing a number of borough case studies highlighting good practice and sharing learning in tackling violence against women and girls.

Transport and Mobility Services

Alongside our policy work, London Councils runs a number of direct services for and on behalf of Londoners and our member boroughs, where leaders have identified a clear benefit in these being administered by London Councils. In 2015/16, work in these areas included:

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Freedom Pass:

- Successfully completing the renewal of 805,000 Freedom Passes which expired in March 2015, achieving an 87 per cent renewal rate and far exceeding expectations and with 74 per cent renewing via the newly developed online portal.

- Planned and began the renewal process of a further 175,000 Freedom Passes due to expire at the end of March 2016.

Taxicard:

- Carried out research into the declining use of the Taxicard scheme. This found that there was a high degree of satisfaction among users of the Taxicard, with 83 per cent stating that Taxicard met their expectations and 75 per cent were either extremely satisfied, or very satisfied. However the research indicated a complex set of factors relating to users' mobility needs were affecting overall usage. Many of these issues will be taken up by London Councils as part of the work with TfL on the Social Needs Transport Review.

LEPT:

- Successfully delivered the final stages of the STARS and PTP-Cycle LEPT projects as lead partner. (see case studies below)

London Tribunals:

- Managed the move of all appeals staff and infrastructure from Angel Square to new premises at Chancery Exchange.

- Managed the contract transition from CAPITA to Northgate Public Services in July 2015 for the provision back office and IT services, including the introduction of entirely new IT systems.

- Introduced the facility to make on-line appeals for the first time and on-line case management for boroughs.

- Rebranded from the Parking and Traffic Appeals Service to London Tribunals, supporting the Environment and Traffic Adjudicators and the Road User Charging Adjudicators.

Freight and Lorry control:

- Working with all boroughs, assisted TfL to launch the new London Safer Lorry Scheme in September, which requires the fitting of side-guards and extended view mirrors to all vehicles over 3.5 tonnes.

- Worked closely with TfL on developing a more strategic approach to managing freight in London, including the establishment of a new Freight Borough Officer Liaison Group.

Traffic and Parking:

- Published a Code of Practice for the erection of signs and lighting on buildings so boroughs can adopt new legislative powers that will help reduce street clutter and costs.

- Through persistent lobbying at each stage of the Deregulation Bill achieved significant concessions that helped ensure the Government's parking reforms had minimal impact on London authorities ability to manage parking effectively, especially in relation to retaining the use of CCTV enforcement outside schools and on red routes.

REVIEW OF THE YEAR (continued)

- Facilitated seminars, workshops and the sharing of good practice for the better coordination of Car Clubs across London.

- Consulted and agreed penalty charge levels for the enforcement of builders skips unlawfully sited on the public highway.

TRACE:

- Successfully implemented a new web-based portal to allow people to search for their towed away vehicle on-line and via smart phones.

Young People's Education and Skills

The Young People's Education and Skills Board is the lead strategic body for 14 to 19 education and training in London. It provides pan-London leadership for 14 to 19 education and training provision in relation to the current and future needs of learners and employers, supports local authorities in undertaking their statutory functions, and assists other stakeholders in planning, policy and provision.

Young People's Education and Skills works for London's boroughs and exists to guide and support them in developing their local strategic plans in tune with regional priorities. The Board brings together key stakeholders from across London to help set the region's priorities to influence and shape the education provision on offer to young people. A small staff resource is based in London Councils to support the work generated by the Board. In 2015/16 the team worked to further four key priorities:

- Business and Education – London's education and learning institutions and the business community should work better together to enable more young people to succeed.

- Careers Guidance – Young people should expect to exercise informed choices about their options, progress and reach their potential.

- Better Support to Young People at 17 and 19 - Young people need to be better prepared, especially at 17 and 19, for progression to further and higher education and employment.

- Working Together – Stakeholders should work collaboratively in the interests of young people.

Achievements in 2015/16 included:

- Launching and leading the design and delivery of a coherent framework for a careers offer for all London's young people - London Ambitions - in partnership with the London Enterprise Panel and the Greater London Authority.

- Successfully delivering phase one of a labour market tool for London - Skills Match – with no cost burden to London's local authorities (Department for Business, Innovation and Skills and Cabinet Office funding).

- Supporting local authority colleagues with implementing significant special educational needs and disability reforms initiated by the Children and Families Act 2014.

- Commissioning research into the progression of young Londoner's into Higher Education, with a particular focus on graduate job entry, to support boroughs to widen participation and improve social mobility.

- Sponsoring Skills London, the single largest jobs and careers fair in London.

REVIEW OF THE YEAR (continued)

Capital Ambition

London Councils is home to the Capital Ambition programme that evolved from the regional improvement and efficiency partnership. Between 2008 and 2013 the Capital Ambition grants programme invested £34 million in funding projects in all London local authorities to achieve £87 million of cashable savings. By 2016 the programme is forecast to have delivered total savings of £356 million. This would take the programme return on investment to an impressive 13:1.

The Capital Ambition Board continues to oversee and support a wide range of innovative projects, programmes and activities in London. Over the past year some of the key highlights included:

- The London Ventures programme. Working in partnership with EY, this programme seeks to provide London's local authorities with access to innovative products that will raise the effectiveness and efficiency of how services are delivered (see case study below).

- Supporting health and social care integration through a collaborative project with GLA, local authorities and NHS.

- Working with the Behavioural Insights Team to support local authorities in improving how citizens can access and use services, with the ultimate aim of improving effectiveness and efficiency while reducing costs.

Despite the financial challenges facing London and its citizens and the significant pressures on public services Capital Ambition remains committed to providing a space for innovation and support for London's local authorities.

Case Study: London Ventures

Issue: The need to maintain and improve service delivery to a growing number of Londoners while reducing costs.

Activities: Set up using Capital Ambition funds in 2013, London Ventures brings innovative private sector products and ideas to London's local authorities in order to deliver significant benefits for London residents through reducing costs and improving the effectiveness and efficiency of services. London Ventures is a joint partnership between EY and London Councils and is overseen by the Capital Ambition Board. London Ventures' main priorities in choosing venture partners are for them to:

- Work cross organisation and cross sector
- Reduce cost
- Achieve better outcomes for Londoners
- Achieve increased investment in public services.

Process: EY brokers conversations with potential London Venture partners – those with viable sounding propositions are asked to submit their 'big idea' for evaluation by the Capital Ambition Board. Using a rapid, *dragon's den* style approach EY present the ideas to the Board. The Board members have the opportunity to ask questions and decide if the potential Venture is of strategic importance and if it sounds commercially viable. If successful in the 'dragon's den' potential Venture Partners are asked to develop an outline business case. The outline business case is presented to the Board by the potential Venture partner – and again allows Board members the opportunity to ask more questions. If the outline business case is approved by the Board, EY broker a commercial deal with the new London Ventures Partner. This outlines the commercial arrangement with the partner. The London Councils programme team plays a key role in awareness raising of the programme with local authorities.

REVIEW OF THE YEAR (continued)

Outcomes: London Ventures currently operates a portfolio approach with delivery focused on ventures representing greatest strategic importance and commercial viability. The London Ventures portfolio consists of 11 venture partners across three generations. Approximately two thirds of London Local Authorities have implemented at least one venture and all London Local Authorities have engaged with the programme. To date, the programme has identified more than £6 million in potential financial benefits for London's boroughs.

Examples of some of the products and services being developed or offered through London Ventures includes:

- **Oxygen Finance's Early Payment Programme** allows participating Local Authorities to generate a new source of revenue while improving their relationship with suppliers. This initiative allows Local Authorities and their suppliers to negotiate a revenue stream through early payment of invoices. As a result, local authorities generate income.
- **Xantura's Child Safeguarding Profiling model** has achieved better outcomes for Londoners by identifying children most at risk of neglect or abuse but not previously known to Local Authorities.

- **FISCAL Technologies** software solution supports councils in three key areas of financial accountabilities; strong governance, improved risk mitigation and strengthening compliance. The software works alongside all Enterprise Resource Planning (ERP) systems on a continuous monitoring basis to prevent payment errors and identify potential fraud, reducing the need for time-consuming manual checks and recovery audit fees to ultimately save time and money.

Grants and Community Services

London Councils runs a longstanding, pan-London grants scheme on behalf of all 33 London councils. Through our grants programme, we fund projects to address four pan-London priorities:

- Homelessness
- Sexual and Domestic Violence
- Tackling poverty through employment
- Supporting voluntary and community organisations to improve services.

The third priority – tackling poverty through employment – is half-funded by the European Social Fund (ESF) - every pound the boroughs contribute is matched by a pound of European Social Fund.

In the first three quarters of 2015/16*, our grants programme delivered:

- Nearly 7,000 interventions to prevent homelessness and tackle it early

- Nearly 7,000 interventions with young people

- More than 500 interventions to support voluntary and community organisations in tackling homelessness

- More than 8,000 interventions to prevent sexual and domestic violence

- Nearly 36,000 advice sessions

- Help with finding refuge in 1,000 cases

- Emergency refuge to people in 194 cases

REVIEW OF THE YEAR (continued)

- 460 interventions to support voluntary and community organisations in tackling sexual and domestic violence
- Nearly 2,000 interventions to tackle harmful practices such as female genital mutilation
- More than 700 interventions to improve the effectiveness and efficiency of services
- More than 600 interventions to improve effectiveness by improving engagement in services
- Some 500 interventions to tackle inequalities in services.

**Full year figures will be available in July 2016 and will be presented to the Grants Committee then*

In the cycle ending in this year, the ESF-funded element helped:

- Nearly 1,500 people into work
- More than 700 people into work that lasted more than 26 weeks
- More than 950 people into education and training.

In March 2016, borough leaders agreed that there should be a London Councils Grants programme beyond the end of the current four-year funding cycle in March 2017, addressing the first three of the four priorities in the cycle. This will ensure vital support for vulnerable Londoners for a further four years.

London Care Services

London Care Services works on behalf of 40 local authorities (32 London boroughs, the City of London and seven partner authorities). It supports them in their local commissioning of outstanding services for looked-after children and young people.

To do this, London Care Services has developed a single model contract for services for looked-after children. It negotiates and signs the contract and fees with providers across all 40 participating authorities. The authorities can then draw down the services from the providers without having to renegotiate contract terms and fees.

This service eliminates wasteful bureaucracy by centralising the contracting work, while giving councils the freedom they need to choose between contracted providers.

It removes the need for boroughs to undertake the same checks on the same contracts and organisations.

In representing 40 members, London Care Services has a significantly stronger bargaining position when negotiating fees with providers. This produces value for money for boroughs in a large, complex and costly market.

In 2015/16 we completed the following work on behalf of member boroughs:

- Signed up 163 providers of 332 resources.
- Drew up a new contract, agreed with boroughs, which is being used in 2016/17.

REVIEW OF THE YEAR (continued)

London Self Improvement Board

London Councils co-ordinates and helps to encourage collaborative work between boroughs on self-improvement and mutual challenge through supporting the London Self Improvement Board (SIB). Comprising a number of borough chief executives, senior chief officer representatives and the chief executive of London Councils, SIB liaises at a political level with the Chair of the London Councils Leaders' Committee on key issues and with relevant political portfolio holders across London.

The board seeks to offer both challenge and support to London local government performance.

Since 2013, SIB has identified key risk areas where it wishes to concentrate its efforts; Adult Social Care, Children's Social Services and the overall financial and corporate health of individual authorities.

Under the Board's direction, London Councils has helped to develop, review and challenge some of the hard and soft tools available for gathering and analysing performance information. The London Authority Performance Solution (LAPS) and Chief Executive to Chief Executive (CE2CE) and Treasurer to Treasurer (T2T) peer challenge processes are part of these developments.

SIB believes it is valuable for the sector to demonstrate a consistent approach to self-improvement and that councils are inviting a level of challenge from their peers to show that they are open to identifying performance challenges and acting upon them. 2015 saw the highest number of boroughs represented since each programme began.

Work in 2015/16 included:

- Continued provision of the LAPS performance measurement tool used consistently by the vast majority of boroughs in 2015/16.
- Continued provision of the HR metrics service – which received overall ratings of 92 per cent from member boroughs in the recent light touch review.
- Continued provision of the school performance toolkit – delivering key performance benchmarking indicators for London boroughs' schools performance managers.
- Increased participation of the peer support programmes for Chief Executives and Treasurers.

London Procurement Strategy Board

London boroughs spend around £8 billion on purchasing goods and services from third parties and the London Procurement Strategy Board (LPSB) was formed by Leaders in 2010 to assess what opportunities exist to achieve greater savings by exploiting the significant purchasing power of London local government.

The LPSB acts as the governance board (when required) for London-wide procurement projects; reviews existing, and proposals for new, framework structures across London in order to support the development of a consistent and coherent approach; and provides a forum for sharing expertise, learning and good practice between London local authorities.

The board draws on the expertise of its membership which includes representatives from London Councils, the Society of London Treasurers, the London Procurement Network and sub-regional shared services groupings.

In 2015/16 work included:

- The continued sharing of contract and spend data through the London contracts register and spend analytics tools.

REVIEW OF THE YEAR (continued)

- Delivering a regular London Procurement Newsletter to member boroughs.
- Providing support and advice for a number of pan-London procurement projects including:
  - Postal Services Collaboration – a framework contract agreed with 24 boroughs enabling significant purchasing influence to be exerted in contract and performance talks with Royal Mail. Generated savings of £1.2 million in 2015/16 and achieved finalist status at this year's *National GO Awards*
  - MSTAR 1 project – standardised pay rates for children's social care agency staff across 17 boroughs. Has generated £14.5 million of savings from temporary agency spend since 2011.
  - Supplier Chain Resilience Review Project - developing a toolkit and consolidated framework for supply chain resilience management. Involved 9 boroughs and partners Zurich Municipal – work is ongoing in 2016/17 (nominated for an Alarm Risk Award 2016 for partnership work).

Events and Awards

The London Summit – Our annual flagship event is free to all London members and senior borough officers. Our 2015 Summit - held on Saturday 21 November at the City of London's Guildhall - saw hundreds of delegates - councillors of all political parties from the 32 London boroughs and the City of London, as well as representatives from the business, public and voluntary sectors - gather to engage in debate and share experiences from across the capital. You can watch a short video of the day here https://www.youtube.com/watch?v=hemboIDJLyU

Awards – London Councils supports and organises a number of awards on behalf of boroughs that highlight and share their successes:

The London Borough Apprenticeship Awards: Established in 2011 to showcase the value of apprenticeships to London boroughs, how borough staff have contributed to apprentices' success and how boroughs are helping to maximise apprenticeship opportunities with contractors and suppliers. The 2015 Awards attracted a record number of entrants. The Apprentice of the Year was Sidonie Smith, a Domestic Violence Support Officer at the London borough of Bexley. Apprentices from Camden, the City of London, Greenwich and Southwark were also among the winners of individual awards.

The London Homelessness Awards – in memory of Andy Ludlow: The awards are sponsored by the London Housing Foundation, the London boroughs and Shelter and run by London Councils. Inside Housing magazine is our media partner. The awards are the country's leading homelessness awards, with prize money awarded to the organisations that demonstrate innovative and creative solutions for tackling homelessness in the capital. The Asylum Support Appeals Project's Defending Asylum Seekers Rights to Food and Shelter was the overall winner of the 2015 Award,

The Small Business Friendly Awards - organised by London Councils and the London Region of The Federation of Small Businesses (FSB) the awards are an opportunity to celebrate projects or initiatives delivered by the London boroughs that have a positive impact on London's small business community. Harrow was named best all round small business friendly borough in the 2015 Awards, while the work of Bexley, Enfield, Greenwich, Merton and Westminster was also recognised in individual categories.

Keeping You Informed

Website – London Councils' website was visited by just under 1 million unique visitors and had 4.5 million page views in 2015/16. The website, which was completely updated and relaunched in April 2015, serves a variety of purposes and functions for a wide range of stakeholders, including members, officers and policy makers, as well as Londoners and London businesses who rely on services such as the Freedom Pass, the Health Emergency Badge or the London Lorry Control Scheme.

REVIEW OF THE YEAR (continued)

Among the features of the new website are:

- a fully updated and responsive (easier to view and navigate on tablets and mobile phones as well as PCs);
- the members' dashboard, which enables our members to edit and personalise their own content;
- a new platform for our rich policy and services content including comments, blogging and more.

Key Issues – our weekly e-newsletter, sent to more than 12,000 subscribers across the capital each Wednesday morning, provides a quick summary of the issues affecting London local government and the evolving policy landscape in the capital.

Member Briefings – our member briefing service provides members with timely policy analysis and information across all our main policy themes directly to their inbox. The newly designed website enables members to edit and amend their preferences more easily than ever before. In 2015/16 we sent 77 policy briefings to subscribing members.

Parliamentary Briefings – we regularly brief MPs and Peers on government bills that affect London Boroughs. In 2015/16 these included briefings in support of our lobbying work on several bills including the Housing and Planning Bill, on issues such as starter homes, right to buy and pay to stay, the Welfare and Reform Bill and the Cities and Local Government Devolution Bill. In addition, we have briefed on the Local Government Finance Settlement. Our briefings and policy positions were cited on a large number of occasions in both Houses.

Twitter – London Councils' Twitter account @londoncouncils has more than 16,300 followers who receive up-to-date news on all the latest developments in London local government as they happen.

London Government Directory – a free copy of our annual London Government Directory, sponsored by the London Communication Agency, is sent to every member and senior officers in all 33 London local authorities. The Directory is also available to view online at www.directory.londoncouncils.gov.uk.

Policy reports – London Councils publishes a comprehensive range of policy reports providing data, analysis and recommendations on key policy challenges in the capital. In 2015/16 these included reports on: Developing Employment Support; Local Government Support for Arts and Culture; School Places Pressure; Young Londoners' Higher Education Journey; Work Programme Equalities Impact Assessment; The Impact of Permitted Development Rights for Office to Residential Conversions; London's Future Infrastructure Needs; the Impact of Freezing LHA Rates; Building on the Success of London's Town Centres; Transport Affordability; and Joint Working to Deliver Better Care.

LOOKING FORWARD TO 2016/17

In 2016/17, London Councils needs to undertake its role against the backdrop of three significant challenges facing our member authorities. They are:

- Supporting councils in their work to meet the challenges of significant further restrictions in funding over the spending review period to 2020.
- Seeking to secure even greater devolution to London government and London boroughs in order to help drive a broader agenda of public service reform based on close integration of local public services, a focus on managing service demand and helping boost sustainable growth across London. In particular, 2016/17 will see significant work in collaboration to boost housing supply and developing a potential London proposition to government on Business Rate Devolution, working with boroughs and the Mayor of London.

REVIEW OF THE YEAR (continued)

- Ensuring that boroughs, individually and in groupings, are supported to exploit the reform opportunities that have been created, particularly in area such as Skills, Employment Support and Health.

London Councils Challenge

During 2016/17, London Councils will also be reflecting upon how best it can serve London local government over the next five years. A Challenge process has been commissioned to support the organisation and its members in this thinking. The outcome of this will, of course, impact upon business plans going forward in future years.

Our over-arching themes for 2016/17 are as follows:

Resourcing London. In a period of acute financial retrenchment, we will continue to work alongside our member boroughs and partners to:

- Ensure the best possible public financing climate for London.
- Provide support on proposed changes in the basis of financing local government and fiscal devolution following the 2015 Spending Review and the commitment to Business Rates Devolution.
- Mitigate the impact of financial reductions upon London boroughs.
- Support councils as they seek to manage significant reductions in their available funding.

Securing further devolution and localism. We will:

- Continue to highlight the strong London argument for boroughs, groups of boroughs and the Mayor to be at the heart of commissioning a broader range of integrated local public services.
- Work to develop collaborative approaches to boosting housing supply.
- Work closely with the new Mayor of London to develop further the devolution settlement for London.
- Continue to play a strong brokerage role to help develop opportunities that can be applied more broadly across London local government, and, in particular, to support the implementation of the reform that has been agreed in areas such as Skills, Employment Support and Health.
- Support London local government in its work to turn this into practice on the ground by supporting shared learning and developing London frameworks that allow this devolution to take place at local level.

Supporting London Delivery. We will:

Provide a defined range of direct services to Londoners and London organisations directly on the collective behalf of boroughs.

Support London local government's collective efforts to enhance the effectiveness of public services across the capital.

Act as a focal point for brokerage and co-ordination between different London public services, the GLA group and boroughs on key delivery issues.

REVIEW OF THE YEAR (continued)

Work with key political, professional and managerial groupings across London local government to help strengthen the capacity of our membership to deliver high quality and cost effective services.

Continue to both host and foster the full development of the London CIV on behalf of London local government.

Organisational Change. In the context of significant organisational changes in the last five years, we will focus on:

Preparing for and engaging with the London Councils Challenge process early in the new financial year.

Continue to manage our resources to drive on-going improvements in value for our member authorities, in a way which continues to meet the evolving needs of our member authorities over the next five years.

Equipping ourselves with the skills, knowledge and competences required to support London local government in this critical period.

Creating an environment in which we continue to attract talented people and challenge them to deliver outstanding performance.

Working with members to review key roles and positioning of London Councils going forward to reflect a changing environment.

Our directorate programmes detail the range of work that will support our overall objectives, all of which relate in some way to our over-arching themes of resourcing London, securing devolution and localism, supporting London delivery and organisational change.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

This Statement of Accounts represents the consolidation of the accounts of the activities of London Councils Joint Committee, London Councils Grants Committee and London Councils Transport and Environment Committee. Due to the unique nature of the Committee's activities, a breakdown of the main headings contained in the Comprehensive Income and Expenditure Statement are detailed in appendices A to C.

Financial information

The Director of Corporate Resources has pleasure in presenting the Consolidated Accounts which consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 26);
- Consolidated Movement in Reserves Statement (pages 37 - 38);
- Consolidated Comprehensive Income and Expenditure Statement (page 39);
- Consolidated Balance Sheet (page 40);
- Consolidated Cash Flow Statement (page 41); and
- Notes to the Consolidated Accounts (pages 42 – 71).

Revenue expenditure

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

	Revised Budget £000	**Actual £000**	**Variation £000**
Expenditure	68,395	68,888	493
Income	(66,666)	(69,314)	(2,468)
Interest income and expenditure	(75)	758	833
Deficit for the year	**1,654**	**332**	**(1,322)**
Transfer from Reserves	(1,654)	(3,625)	(1,971)
Net Surplus for the year (including transfers from reserves)	**-**	**(3,293)**	**(3,293)**

The surplus of £3.293 million is split over the three funding streams as follows:

	Grants Committee £000	**Transport, and Environment Committee £000**	**Joint Committee £000**	**Total £000**
Total Expenditure	8,889	46,405	13,594	68,888
Total Income	(9,509)	(46,945)	(12,860)	(69,314)
Interest income and expenditure	32	241	485	758
(Surplus)/Deficit for the year	**(588)**	**(299)**	**1,219**	**332**
Transfer from Reserves	(579)	(731)	(2315)	(3,625)
Net Surplus	**(1,167)**	**(1,030)**	**(1,096)**	**(3,293)**

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item l on page 47 and Appendices A and B on pages 72 and 73).

Grants Committee

The surplus of £1.167 million is attributable to a surplus of £179,000 in relation to London Councils main grants programme and a surplus of £988,000 in the European Social Fund (ESF) match funded grants programme.

The surplus of £179,000 on the main grants programme is attributable to:

- an underspend of £201,000 in relation to payments for commissioned services relating to 2015/16; and

- a net overspend of £22,000 in relation to grants administration expenditure attributable to overspends of £13,000 in respect of salary costs and £23,000 for general running costs and central recharges, offset by £14,000 from investment income received on Committee reserves.

For the ESF/borough funded commissions, the provisional surplus of £988,000 is split between:

- a projected breakeven position relating to payments in respect of the expired 2013-15 borough/DWP ESF programme, where total residual payments to providers of £952,000 and administration costs of £56,000 have been funded by ESF grant of £494,000, a transfer from accumulated ESF reserves of £499,000 and borough contributions received in advance in 2014/15 of £15,000; and

- a projected net underspend of £988,000 in respect of the new 2016+ ESF programme, the start of which has slipped into the 2016/17 financial year. Administrative costs, estimated to be in the region of £12,000, have been incurred in respect of preparatory bid work and may be subject to a retrospective grant claim once the new programme has commenced. However, at this stage, as no substantive spend was incurred in 2015/16 on the new programme, no ESF grant will be receivable. The underspend, therefore, effectively relates to the £1 million borough contributions made during 2015/16 in respect of the funding of the new programme.

Transport and Environment Committee

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

- **Freedom Pass non-TfL bus services (-£698,000)** - In December 2014, TEC approved a budgetary provision of £2.2 million for 2015/16 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.502 million have been received and accepted for 2015/16, which has led to an underspend of £698,000. The underspend is attributable to a number of factors:

    - a fall of 2% in the past 12 months on bus journeys across London and on most LSPs, partly due to the age eligibly increase;

    - one of the LSP operators ceased to operate in January 2015, after the 2015/16 budget had been set;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- TGM, which used to run two routes in London, is now operating under Arriva Kent management and one of the transferred routes was withdrawn in May 2015;

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

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

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

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

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

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

- Residual variances of -£49,000.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Joint Committee

The surplus of £1.096 million is attributable to:

- **Employee Costs (-£184,000)** - The headline position is an underspend of £119,000 on officer salary costs, plus an additional saving of £60,000 in respect of the maternity budget. There was a marginal underspend of £5,000 in respect of indirect staffing costs, such as training and recruitment costs;

- **Improvement and Efficiency work (-£109,000)** - This relates to the funding of former Capital Ambition performance and procurement legacy projects that the Leaders' Committee agreed to continue in December 2011. These are managed via a variety of borough networks, the budget for which in 2015/16 was £305,000. Work has continued on three projects during 2015/16, amounting to £196,000, leading to the underspend of £109,000, which includes £40,000 in respect of member development work;

- **Research and Commissioning (-£221,000)** - Expenditure on commissioning and other priority work amounted to £279,000 for the year, leading to an underspend of £221,000 against the approved budget of £500,000. This budget is expected to be used during 2016/17 to support joint work to secure further progress on public sector reform and further devolution. An additional £100,000 was spent as a contribution to the London health agenda, in line with the approved budget;

- **Borough Contributions towards London Care Placements (-£87,000)** - Contributions from boroughs and other subscribers exceeded the budgeted target of £222,000 by £26,000. In addition, contributions carried forward as a receipt in advance from 2014/15 of £61,000 led to overall additional income of £87,000;

- **Central Recharge Income (-£481,000)** -Additional income in respect of central recharges of £481,000 has arisen, of £305,000 related to the recharging of Southwark Street premises costs to the TEC and Grants funding streams and to externally funded projects and licenced tenants. A breakdown of the additional recharges broadly comprise of the following:

    - Recharges for communications staffing and running costs of £115,000;
    - Recharges for Corporate Governance functions, including that of the Chief Executive's Office of £60,000;
    - Recharges for Corporate Resources staffing, SLAs with the City of London, External Audit and general office costs of £37,000 to TEC and the Grants Committee; and
    - Recharges for Corporate Resources staffing, SLAs with the City of London, External Audit and general office costs of £269,000 to externally funded functions and licenced tenants; and

- Residual variances of £14,000.

Budget for 2016/17

On 8 December 2015, the Leaders' Committee approved a total expenditure budget for 2016/17 of £64.253 million, exclusive of the borough payments of £333.940 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £2.469 million were also estimated to be £64.253 million, leaving a projected balanced budget for the year.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

The Director of Corporate Resources has also:

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

Responsible Finance Officer's Certificate

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

F Smith CPFA 22 September 2016
Director of Corporate Resources

APPROVAL CERTIFICATE

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

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

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

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

The governance framework

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

Review of effectiveness

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

Areas for development during 2016/17

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

ICT Strategy, Security & Operational Control

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

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

Inventory

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

Risk Management and Business Continuity

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

There are no significant governance issues.

John O'Brien 22 September 2016
Chief Executive

Cllr Claire Kober OBE 22 September 2016
Chair of London Councils

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (THE "COMMITTEE")

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (THE "COMMITTEE") (continued))

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (THE "COMMITTEE") (continued))

(To be provided by KPMG)

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2015	**11,482**	**-**	**11,482**	**(25,557)**	**(14,075)**
Deficit on the provision of services	(332)	-	(332)	-	(332)
Other Comprehensive Income and Expenditure (note 9)	-	-	-	3,896	3,896
Total Comprehensive Income and Expenditure	**(332)**	**-**	**(332)**	**3,896**	**3,564**
Adjustments between accounting basis and funding basis under regulations (note 6)	1,491		1,491	(1,491)	-
Net Decrease before Transfers to Earmarked Reserves	**1,159**	**-**	**1,159**	**2,405**	**3,564**
Transfers to/(from) Earmarked Reserves (note 7)	(1,000)	1,000	-	-	-
Increase/(Decrease) in 2015/16	**159**	**1,000**	**1,159**	**2,405**	**3,564**
Balance at 31 March 2016	**11,641**	**1,000**	**12,641**	**(23,152)**	**(10,511)**

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2014	**9,887**	**1,800**	**11,687**	**(16,334)**	**(4,647)**
Deficit on the provision of services	(1,287)	-	(1,287)	-	(1,287)
Other Comprehensive Income and Expenditure (note 9)	-	-	-	(8,141)	(8,141)
Total Comprehensive Income and Expenditure	**(1,287)**	**-**	**(1,287)**	**(8,141)**	**(9,428)**
Adjustments between accounting basis and funding basis under regulations (note 6)	1,082	-	1,082	(1,082)	-
Net Decrease before Transfers to Earmarked Reserves	**(205)**	**-**	**(205)**	**(9,223)**	**(9,428)**
Transfers to/(from) Earmarked Reserves (note 7)	1,800	(1,800)	-	-	-
Increase/(Decrease) in 2014/15	**1,595**	**(1,800)**	**(205)**	**(9,223)**	**(9,428)**
Balance at 31 March 2015	**11,482**	**-**	**11,482**	**(25,557)**	**(14,075)**

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

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

	Notes	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	8,889	(9,509)	(620)	11,057	(10,388)	669
London Councils Transport and Environment Committee	Appx B	46,405	(46,945)	(540)	49,310	(49,005)	305
London Councils Joint Committee	Appx C	13,594	(12,860)	734	13,652	(13,926)	(274)
Net Revenue Cost of Services		**68,888**	**(69,314)**	**(426)**	**74,019**	**(73,319)**	**700**
Financing and investment income and expenditure	8			758			587
Deficit on Provision of Services				**332**			**1,287**
Actuarial (gain)/loss on pension assets/liabilities	9			(3,896)			8,141
Other Comprehensive Income and Expenditure				**(3,896)**			**8,141**
Total Comprehensive Income and Expenditure				**(3,564)**			**9,428**

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets or 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.

	Note	31 March 2016	31 March 2015
		£000	£000
Property, Plant and Equipment	10	1,722	1,115
Intangible Assets	11	1	8
Long Term Assets		**1,723**	**1,123**
Short Term Debtors	12	4,868	5,299
Cash and Cash Equivalent	13	16,852	19,217
Current Assets		**21,720**	**24,516**
Short Term Creditors	15	(10,394)	(13,700)
Provisions	16	(180)	(338)
Current Liabilities		**(10,574)**	**(14,038)**
Provisions	16	(354)	(227)
Other Long Term Liabilities	9	(23,026)	(25,449)
Long Term Liabilities		**(23,380)**	**(25,676)**
Net Liabilities		**(10,511)**	**(14,075)**
Usable Reserves	17	12,641	11,482
Unusable Reserves	18	(23,152)	(25,557)
Total Reserves		**(10,511)**	**(14,075)**

The notes on pages 42 to 71 form part of the accounts.

F Smith CPFA 22 September 2016
Director of Corporate Resources

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	2015/16 £000	2014/15 £000
Net deficit on the provision of services	(332)	(1,287)
Adjustments to net deficit on the provision of services for non-cash movements	(1,213)	6,304
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(93)	(123)
Net cash flows from Operating Activities (note 19)	**(1,638)**	**4,894**
Investing Activities (note 20)	(727)	(163)
Net (decrease)/increase in cash and cash equivalents	**(2,365)**	**4,731**
Cash and cash equivalents at 1 April	**19,217**	**14,486**
Cash and cash equivalents at 31 March	**16,852**	**19,217**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

a General Principles

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

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

The Statement of Accounts has been prepared with reference to:

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

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

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

- The accrual basis of accounting;

- The following underlying assumptions;

  - Going concern basis.

- The following qualitative characteristics:

  - Relevance;
  - Materiality; and
  - Faithful representation.

- The following enhancing qualitative characteristics:

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

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

The accounting policies have been consistently applied.

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.

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

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 Committee 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.

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

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

1. Accounting Policies (continued)

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

- Liabilities are discounted to their value at current prices using, a discount rate of 3.8% (2013/14: 3.4%).

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

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

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

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

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

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

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

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

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

1. Accounting Policies (continued)

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

h Financial Instruments

Financial Liabilities

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

Currently the Committee has no borrowings.

Financial Assets

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

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

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

Amounts recognised as due to the Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

j Intangible Assets

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

k Interest Income

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

l Interest in Companies and Other Entities

London Councils Joint Committee operates one subsidiary, London Councils Limited, a company limited by guarantee. London Councils Limited activities are consolidated within the Joint Committee statement of accounts. The company exists to record all transactions relating to the holding of property leases and the employment of the political advisers. London Councils' member boroughs are the members of the company and London Councils' Elected Officers are its Directors. London Councils benefits directly from the accommodation paid for by London Councils Limited and the services provided by the political advisers to members in their roles at London Councils.

The activities of London Councils Grants Committee and London Councils Transport and Environment Committee, which are carried out by London Councils Joint Committee, are incorporated into these group accounts. The activities of these associated committees and the main Joint Committee are detailed in appendices A to C.

Intragroup transactions are excluded from the Statement of Accounts on consolidation.

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

1. Accounting Policies (continued)

m 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.

n 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.

o 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.

1. Accounting Policies (continued)

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.

p Provisions

Provisions are made where an event has taken place that gives the Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provisions is reversed and credited back to the Comprehensive Income and Expenditure Statement. Provisions for dilapidations costs and works in connection with property leases are built up over the life of the lease on a straight line basis.

q 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.

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

1. Accounting Policies (continued)

r Value Added Tax

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

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

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

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

3. Critical Judgements in Applying Accounting Policies (continued)

Government Funding

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

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

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

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

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.312 million. However, the assumptions interact in complex ways. During 2015/16, Barnett Waddingham LLP advised that the net pensions liability had decreased by £5.623 million as a result of a change in financial assumptions.

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 £45,000 for every year that useful lives had to be reduced.

Provisions

The Committee has made a provision of £534,000 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £17,000 to the annual contribution to the provision.

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

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

Bad Debt Provision

At 31 March 2016, the Committee had a balance of accounts receivable debtors of £1.78 million. This amount excludes debts registered at the County Court. A review of these balances resulted in a calculation of a bad debt provision, based on historic loss experiences, of £129,000. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate the provision will have to be increased accordingly.

5. Events After the Balance Sheet Date

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

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

Adjustments for the year ended 31 March 2016:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 18)	1,473	(1,473)
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 18)	18	(18)
Total Adjustments	**1,491**	**(1,491)**

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

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

Adjustments for the year ended 31 March 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 18)	1,111	(1,111)
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 18)	(29)	29
Total Adjustments	**1,082**	**(1,082)**

7. Transfers (from)/to Specific Reserves

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

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

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

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

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

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

8. Financing and Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest Payable	11	10
Interest and Investment Income	(104)	(133)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	851	710
Total	**758**	**587**

9. Pensions

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

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

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

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

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

Year	Employers Contribution £000
2014/15	214
2015/16	224
2016/17	234

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.

9. Pensions (continued)

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.

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

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

9. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2016:

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

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

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

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

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

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

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

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

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

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

9. Pensions (continued)

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 London Councils Joint Committee at 31 March 2016:

	At 31 March 2016		At 31 March 2015	
	£000	%	£000	%
Equities	19,116	46%	17,865	43%
LDI/Cashflow matching	4,172	10%	3,091	8%
Target return portfolio	8,754	21%	11,904	29%
Infrastructure	2,255	5%	2,040	5%
Commodities	184	0%	383	1%
Property	1,469	4%	1,167	3%
Cash	5,203	13%	4,728	11%
	41,153	**100%**	**41,178**	**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 cash flow liability against inflation.

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

	At 31 March 2016 £000	At 31 March 2015 £000
Fair value of employer assets	41,153	41,178
Present value of scheme liabilities	(64,107)	(66,551)
Net Liability	**(22,954)**	**(25,373)**
Present value of unfunded liabilities	(72)	(76)
Net Liability in Balance Sheet	**(23,026)**	**(25,449)**

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

	At 31 March 2016 £000	At 31 March 2015 £000
Service cost	1,464	1,168
Net interest on the defined liability	851	710
Administration expenses	62	58
Total	**2,377**	**1,936**

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

9. Pensions (continued)

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

	At 31 March 2016 £000	At 31 March 2015 £000
Opening Defined Benefit Obligation	**(66,627)**	**(54,806)**
Current service cost	(1,464)	(1,168)
Interest cost	(2,257)	(2,448)
Change in financial assumptions	5,623	(9,000)
Change in demographic assumptions	-	-
Experience loss on Defined Benefit Obligation	(1)	(1)
Estimated benefits paid net of transfers	987	1,229
Contributions by scheme participants	(445)	(438)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	**(64,179)**	**(66,627)**

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

	At 31 March 2016 £000	At 31 March 2015 £000
Opening Fair Value of Employer's Assets	**41,178**	**38,609**
Interest on assets	1,406	1,738
Return on assets less interest	(1,726)	860
Administration expenses	(62)	(58)
Contributions by employer	904	825
Contributions by scheme participants	445	438
Estimated benefits paid plus unfunded net of transfers in	(992)	(1,234)
Closing Fair Value of Employer's Assets	**41,153**	**41,178**

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.

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

9. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	62,867	64,179	65,519
Projected service cost	1,268	1,298	1,328
Adjustment to Long-term Salary Increases	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	64,327	64,179	64,031
Projected service cost	1,299	1,298	1,297
Adjustment to Pension Increases and Deferred Revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	65,386	64,179	62,997
Projected service cost	1,328	1,298	1,269
Adjustment to Mortality Age Rating Assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	66,018	64,179	62,392
Projected service cost	1,331	1,298	1,266

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

	At 31 March 2016 £000	At 31 March 2015 £000
Return on plan assets in excess of interest	(1,726)	860
Change in financial assumptions	5,623	(9,000)
Experience (loss)/gain on defined benefit obligation	(1)	(1)
Re-measurements	**3,896**	**(8,141)**

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

	31 March 2017 £000
Service cost	1,298
Net interest on the defined liability	859
Administration expenses	62
Total	**2,219**
Employers contribution	876

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

10. Property, Plant and Equipment

Movements in:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2015	**1,141**	**1,853**	**2,994**
Additions	18	802	820
Disposals	(121)	(728)	(849)
At 31 March 2016	**1,038**	**1,927**	**2,965**
Accumulated Depreciation			
At 1 April 2015	**908**	**971**	**1,879**
Charge for the year	77	136	213
Charge relating to Disposals	(121)	(728)	(849)
At 31 March 2016	**864**	**379**	**1,243**
Net Book Value			
At 31 March 2016	**174**	**1,548**	**1,722**
At 31 March 2015	**233**	**882**	**1,115**

Comparative movements in 2014/15:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2014	**1,027**	**1,681**	**2,708**
Additions	114	172	286
Disposals	-	-	-
At 31 March 2015	**1,141**	**1,853**	**2,994**
Accumulated Depreciation			
At 1 April 2014	**857**	**732**	**1,589**
Charge for the year	51	239	290
Charge relating to Disposals	-	-	-
At 31 March 2015	**908**	**971**	**1,879**
Net Book Value			
At 31 March 2015	**233**	**882**	**1,115**
At 31 March 2014	**170**	**949**	**1,119**

The capital expenditure on Property, Plant and Equipment will be funded from revenue budgets in line with the annual depreciation charge.

10. Property, Plant and Equipment (continued)

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

11. Intangible Assets

The intangible assets consist solely of purchased computer software. The Committee accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The carrying amount of computer software, accounted for as intangible assets, are amortised on a straight line basis, starting after the year of acquisition, over the lower of 3 years or the length of the software licence.

The movement on Intangible Asset balances during the year is as follows:

	31 March 2016 £000	31 March 2015 £000
Balance at start of year:		
Gross carrying amount	22	22
Accumulated amortisation	(14)	(7)
Net carrying amount at start of year	**8**	**15**
Additions	-	-
Disposals	-	-
Amortisation for the period	(7)	(7)
Net carrying amount at end of year	**1**	**8**
Comprising:		
Gross carrying amount	22	22
Accumulated amortisation	(21)	(14)
	1	**8**

The capital expenditure on intangible assets will be funded from revenue budgets in line with the annual amortisation charge.

There are no contractual commitments for the acquisition of Intangible Assets.

12. Short Term Debtors

	31 March 2016 £000	31 March 2015 £000
Central government bodies	687	817
Other local authorities	2,660	2,319
NHS bodies	87	1
Public corporations and trading funds	698	616
Other entities and individuals	736	1,546
Total	**4,868**	**5,299**

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.634 million (2014/15: £2.23 million), payments in advance of £298,000 (2014/15: £1.098 million), a bad debt provision of £238,000 (2014/15: £351,000) and other debtors of £2.174 million (2014/15: £2.322 million).

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

13. Cash and Cash Equivalents

	31 March 2016 £000	31 March 2015 £000
Cash held by the Committee	66	1,701
Cash balances held by the City of London	16,786	17,516
Total	**16,852**	**19,217**

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 £886,000 (2014/15: £852,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2016 £000	31 March 2015 £000
Not later than one year	789	878
Later than one year and not later than five years	3,149	3,158
Later than five years	1,039	1,820
Total	**4,977**	**5,856**

15. Short Term Creditors

	31 March 2016 £000	31 March 2015 £000
Central government bodies	(34)	(134)
Other local authorities	(7,113)	(9,622)
NHS bodies	(299)	(229)
Public corporations and trading funds	(531)	(730)
Other entities and individuals	(2,417)	(2,985)
Total	**(10,394)**	**(13,700)**

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £3.644 million (2014/15: £2.119 million), receipts in advance of £3.807 million (2014/15: £8.041 million), accruals of £2.935 million (2014/15: £3.513 million) and other creditors of £8,000 (2014/15: £27,000).

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

16. Provisions

	Property Lease Provisions £000
Balance at 1 April 2015	**(565)**
Additional Provisions made in 2015/16	(158)
Unwinding of discount	(11)
Amounts used in 2015/16	182
Unused amounts reversed in 2015/16	18
Balance at 31 March 2016	**(534)**

Analysis of Total Provisions:

	£000
Current	(180)
Non-current	(354)
Total Provision	**(534)**

The Committee has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016 and dilapidation works to be carried out in March 2021.

The lease for Chancery Exchange requires internal decoration work to be carried out every three years commencing from March 2018 and general dilapidation work to be carried out at the end of the lease in March 2025.

17. Usable Reserves

	31 March 2016 £000	31 March 2015 £000
General Reserve	11,641	11,482
Specific Reserve	1,000	-
Total	**12,641**	**11,482**

18. Unusable Reserves

	31 March 2016 £000	31 March 2015 £000
Pensions Reserve	(23,026)	(25,449)
Accumulated Absences Reserve	(126)	(108)
Total	**(23,152)**	**(25,557)**

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

18. Unusable Reserves (continued)

Pensions Reserve

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

	2015/16		2014/15	
	£000	£000	£000	£000
Balance at 1 April		**(25,449)**		**(16,197)**
Actuarial gains/(losses) on pension assets and liabilities		3,896		(8,141)
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	(2,382)		(1,941)	
Employer's pensions contribution and direct payments to pensioners payable in the year	909		830	
		(1,473)		(1,111)
Balance at 31 March		**(23,026)**		**(25,449)**

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

18. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2015/16		2014/15	
	£000	£000	£000	£000
Balance at 1 April		**(108)**		**(137)**
Settlement or cancellation of accrual made at the end of the preceding year	108		137	
Amounts accrued at the end of the current year	(126)		(108)	
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		(18)		29
Balance at 31 March		**(126)**		**(108)**

19. Cash Flow Statement – Operating Activities

	2015/16		2014/15	
	£000	£000	£000	£000
Deficit on Provision of Services		**(332)**		**(1,287)**
Adjusted for:				
Current Service Cost Adjustment	622		401	
Depreciation	213		290	
Amortisation of Intangible Assets	7		7	
Net loss on Pension Scheme Assets/Liabilities	851		710	
Provision for liabilities and charges	(31)		127	
Decrease in Debtors	431		2,797	
(Decrease)/Increase in Creditors	(3,306)		1,972	
Adjustments for non-cash movements		**(1,213)**		**6,304**
Interest Payable	11		10	
Interest and Investment Income	(104)		(133)	
Adjustments for investing and financing activities		**(93)**		**(123)**
Net cash flows from Operating Activities		**(1,638)**		**4,894**

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

20. Cash Flow Statement – Investing Activities

	2015/16 £000	2014/15 £000
Interest Payable	(11)	(10)
Interest and Investment Income	104	133
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(820)	(286)
Total	**(727)**	**(163)**

21. Intragroup Transactions

The intragroup transactions excluded from the Consolidated Comprehensive Income and Expenditure Statement during the year are as follows:

	2015/16 £000	2014/15 £000
London Councils Limited recharge of Angel Square and Chancery Exchange costs to TEC:		
Expenditure	611	600
Income	(611)	(600)

22. Members' Allowances

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

	2015/16 £000	2014/15 £000
Members' Allowances	201	192

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

23. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2015/16	2014/15 Restated
	£000	£000
£50,000 - £54,999	2	5
£55,000 - £59,999	9	4
£60,000 - £64,999	1	2
£65,000 - £69,999	3	4
£70,000 - £74,999	1	3
£75,000 - £79,999	2	2
£80,000 - £84,999	2	2
£85,000 - £89,999	2	-
£90,000 - £94,999	-	2
£95,000 - £99,999	4	4
£100,00 - £104,999	1	-
£105,000 - £109,999	1	1
£120,000 - £124,999	2	2
£150,000 - £154,999	1	1

These amounts include payments made to Parking Adjudicators.

Prior year comparative restated to incorporate Chief Executive's bonus for 2014/15.

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

23. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2015/16 is as follows:

Post Holder	Salary £	Bonus £	Total Remuneration excluding Pension Contribution £	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
John O'Brien (Chief Executive)	147,000	5,880	152,880	18,346	171,226
Corporate Director, Policy and Public Affairs	122,940	-	122,940	14,753	137,693
Corporate Director, Services	122,940	-	122,940	14,753	137,693
Director, Corporate Governance	99,379	-	99,379	11,925	111,304
Director, Corporate Resources	99,379	-	99,379	11,925	111,304
Total	**591,638**	**5,880**	**597,518**	**71,702**	**669,220**

The remuneration paid to the Committee's senior employees in 2014/15 is as follows:

Post Holder	Salary £	Bonus (Restated) £	Total Remuneration excluding Pension Contribution (Restated) £	Employer's Pension Contribution (Restated) £	Total Remuneration including Pension Contribution (Restated) £
John O'Brien (Chief Executive)	147,000	5,880	152,880	18,346	171,226
Corporate Director, Policy and Public Affairs	122,940	-	122,940	14,753	137,693
Corporate Director, Services	122,940	-	122,940	14,753	137,693
Director, Corporate Governance	97,917	-	97,917	11,711	109,628
Director, Corporate Resources	97,917	-	97,917	11,711	109,628
Total	**588,714**	**5,880**	**594,594**	**71,274**	**665,868**

* The prior year comparative has been restated to incorporate the Chief Executive's bonus for 2013/14 that was paid in 2014/15.

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

23. Officers' Remuneration (continued)

	2015/16	2014/15 Restated
	£	£
Remuneration of highest paid Director	152,880	152,880
Remuneration of median member of staff	35,371	34,379
Multiple between the median member of staff and the highest paid director	4.32	4.45

24. Termination Benefits

In 2015/16 the Committee terminated the contracts of two employees incurring a total cost of £66,000 (2014/15: £Nil). This amount consists of compensation for the loss of office.

Termination Benefit Bands	Number of Employees							
	2015/16				2014/15			
	Compulsory Redundancy		Other Departures		Compulsory Redundancy		Other Departures	
	Number	£000	Number	£000	Number	£000	Number	£000
£0 - £19,999	1	14	-	-	-	-	-	-
£40,000 - £59,999	-	-	1	52	-	-	-	-
Total	**1**	**14**	**1**	**52**	**-**	**-**	**-**	**-**

25. External Audit Costs

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

	2015/16 £000	2014/15 £000
Fees payable in respect of the audit of the Statement of Accounts:		
• Fees payable to PricewaterhouseCoopers LLP	-	54
• Rebate received from Audit Commission	-	(6)
• Fees payable to KPMG LLP	36	-
Fees payable in respect of other services provided by PricewaterhouseCoopers LLP during the year	23	51
	59	**99**

26. 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.

26. Related Parties (continued)

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2015/16 was £52.494 million (2014/15: £48,184 million). The total value of expenditure on secondment fees, rent, rates, professional fees and the distribution of grants paid to member boroughs during 2015/16 was £3.821 million (2014/15: £4.007 million). On 31 March 2016, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.642 million (2014/15: £2.289 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.113 million (2014/15: £9.621 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2015/16 was £10.078 million (2014/15: £10.063 million). The total value of expenditure on charges during 2015/16 was £21,000 (2014/15: £19,000). On 31 March 2016, the value of debtor balances owed by TfL amounted to £141,000 (2014/15: £Nil) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £390,000 (2014/15: £366,000).

Central Government

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2015/16 amounted to £2.681 million (2014/15:£2.452 million). The total value of funding received from Central Government in 2015/16 amounted to £408,000 (2014/15: £486,000). On 31 March 2016, the value of debtor balances owed by central government bodies amounted to £687,000 million (2014/15: £817,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £34,000 (2014/15: £134,000).

British Parking Association

London Councils had a contract to run the Parking on Private Lands Appeals (POPLA) service which is funded by the British Parking Association (BPA). London Councils Director of Corporate Services was a Director of the British Parking Association. The Director of Corporate Services received no remuneration for his appointment with the BPA. The total value of income received from the BPA for running the POPLA service and room hire charges during 2015/16 was £501,000 (2014/15: £922,000). The total value of expenditure paid to the BPA for subscriptions and other charges during was £860 (2014/15: £840). On 31 March 2016, the value of debtor balances owed by the BPA amounted to £317,000 (2014/15: £367,000).

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

26. Related Parties (continued)

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and a member of London Councils Leaders Committee sits on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2015/16 was £853,000 (2014/15: £849,000). On 31 March 2016, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £1,000 (2014/15: £18,000).

Greater London Authority

A member of London Councils' Transport and Environment Committee was also a member of the Greater London Assembly. The total value of income received from the GLA for the operation of the Road User Charging Appeals service and other charges during 2015/16 was £921,000 (2014/15: £754,000). The total value of expenditure on contributions and other charges during 2015/16 was £102,000 (2014/15: £5,000). On 31 March 2016, the value of debtor balances owed by the GLA amounted to £413,000 (2014/15: £Nil) and the value of creditor balances owed to the GLA (including receipts in advance) amounted to £89,000 (2014/15: £100,000).

27. Grant Commitments

The value of commitments in 2016/17 is £9.385 million. Included within these amounts is £1.88 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £940,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

28. Concessionary fares

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

29. 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.

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2015/16

	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services						
Direct Revenue Expenditure:						
Grants to Voluntary Organisations	8,256	(8,978)	(722)	9,608	(9,786)	(178)
				9,608	**(9,786)**	**(178)**
Other Operating Expenditure:						
Staff costs	464	(368)	96	455	(407)	48
Premises	45	(41)	4	47	(46)	1
Central Support Services	124	(122)	2	147	(137)	10
Consultancy	-	-	-	-	(12)	(12)
One-off Payment to Boroughs	-	-	-	800	-	800
	633	**(531)**	**102**	**1,449**	**(602)**	**847**
Net Revenue Cost of Services	**8,889**	**(9,509)**	**(620)**	**11,057**	**(10,388)**	**669**
Financing and investment income and expenditure			32			26
(Surplus)/Deficit on Provision of Services			**(588)**			**695**
Actuarial (gains)/loss on pension assets/liabilities			(397)			579
Other Comprehensive Income and Expenditure			**(397)**			**579**
Total Comprehensive Income and Expenditure			**(985)**			**1,274**

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2015/16

	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services						
Direct Revenue Expenditure:						
Payments to operators	33,837	(35,910)	(2,073)	33,826	(35,355)	(1,529)
Managed service contract	2,206	(2,206)	-	3,144	(3,144)	-
Parking adjudication	1,306	(1,306)	-	1,400	(1,524)	(124)
Payments to Northampton County Court	2,680	(2,680)	-	2,451	(2,451)	-
Reimbursement of parking penalty notices to boroughs	3	(3)	-	14	(14)	-
Concessionary fares reissue	644	(489)	155	2,475	(1,942)	533
One off Payment to Boroughs	-	-	-	170	-	170
	40,676	**(42,594)**	**(1,918)**	**43,480**	**(44,430)**	**(950)**
Other Operating Expenditure						
Staff costs	2,964	(2,251)	713	2,946	(2,312)	634
Premises	836	(635)	201	833	(654)	179
Central Support Services	1,852	(1,407)	445	1,999	(1,568)	431
Consultancy	77	(58)	19	52	(41)	11
	5,729	**(4,351)**	**1,378**	**5,830**	**(4,575)**	**1,255**
Net Revenue Cost of Services	**46,405**	**(46,945)**	**(540)**	**49,310**	**(49,005)**	**305**
Financing and investment income and expenditure			241			179
(Surplus)/Deficit on Provision of Services			**(299)**			**484**
Actuarial (gain)/loss on pension assets and liabilities			(1,406)			2,739
Other Comprehensive Income and Expenditure			**(1,406)**			**2,739**
Total Comprehensive Income and Expenditure			**(1,705)**			**3,223**

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2015/16

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

	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services						
Direct Revenue Expenditure:						
Externally Funded Projects	6,250	(6,250)	-	6,744	(6,617)	127
European Service	66	(66)	-	89	(89)	-
Pension CIV Joint Committee	4	(4)	-	2	(2)	-
Young Peoples Education and Skills	489	(341)	148	636	(591)	45
One-off Payment to Boroughs	825	-	825	339	-	339
	7,634	**(6,651)**	**973**	**7,810**	**(7,299)**	**511**
Other Operating Expenditure						
Staff costs	3,675	(3,809)	(134)	3,666	(4,113)	(447)
Premises	1,504	(1,559)	(55)	1,474	(1,654)	(180)
Central Support Services	1,060	(1,098)	(38)	1,042	(1,168)	(126)
Consultancy	332	(344)	(12)	260	(292)	(32)
	6,571	**(6,810)**	**(239)**	**6,442**	**(7,227)**	**(785)**
Net Revenue Cost of Services	**14,205**	**(13,471)**	**734**	**14,252**	**(14,526)**	**(274)**
Financing and investment income			485			382
Deficit/(Surplus) on Provision of Services			**1,219**			**108**
Actuarial losses/(gains) on pension assets/liabilities			(2,093)			4,823
Other Comprehensive Income and Expenditure			**(2,093)**			**4,823**
Total Comprehensive Income and Expenditure			**(874)**			**4,931**

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2014/15 (continued)

a. Consolidation Adjustments

Included within the Net Revenue Cost of Services is expenditure of £611,000 (2014/15: £600,000) and income of £611,000 (2014/15: £600,000) in respect of the premises costs of Angel Square and Chancery Exchange which are incurred by London Councils Limited and recharged to the Transport and Environment Committee. These amounts are removed on consolidation as follows:

	Gross Expenditure £000	Gross Income £000	Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Net Revenue Cost of Services	14,205	(13,471)	734	14,252	(14,526)	(274)
Angel Square and Chancery Exchange consolidation adjustment	(611)	611	-	(600)	600	-
Amount included in Consolidated Income and Expenditure Statement	**13,594**	**(12,860)**		**13,652**	**(13,926)**	**(274)**

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.

Appendix B

LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2016

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

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REVIEW OF THE YEAR

Introduction

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

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

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

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

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

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

REVIEW OF THE YEAR (continued)

THE YEAR IN REVIEW

Mobility

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

Following successful negotiations, TEC agreed:

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

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

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

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

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

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

REVIEW OF THE YEAR (continued)

Parking and Traffic

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

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

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

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

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

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

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

London Tribunals

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

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

REVIEW OF THE YEAR (continued)

Parking on Private Land Appeals (POPLA) Service

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

The London European Partnership for Transport (LEPT)

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

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

Transport and Environment Policy

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

- supporting extension, expansion and improvements to rail, tube and tram services in London, including planning for the introduction of the 24 hour tube and the impacts on the night bus service this entails;
- continuing to support proposals for Crossrail 2;
- supporting the devolution of London's commuter rail routes to TfL for operation;
- encouraging walking and cycling, including support for the Quietways network of cycle routes, which are predominantly on boroughs roads;
- promoting road safety, especially for vulnerable road users;
- continuing TEC's representation on the Thames Regional Flood and Coastal Committee (Thames RFCC) and supporting the Thames RFCC's plans for its six year programme of investment;
- working in partnership with the Thames RFCC and Environment Agency to deliver additional officer capacity for boroughs to access capital funding for flood defence work in their role as Lead Local Flood Authorities;
- working with LWARB and Resource London on ways to improve waste collections from flats, tackle fly tipping and exploring Circular Economy principles and their applications;
- participating in the Mayor's Green Infrastructure Taskforce which has sought to create a more strategic approach to parks and green spaces in the capital, and promote the uptake of green infrastructure such as green walls and roofs;

REVIEW OF THE YEAR (continued)

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

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

Air quality

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

Buses

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

Crossrail 2

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

Cycling

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

Energy and climate change

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

Local environmental quality

- Defra consultation on waste crime enforcement powers.

REVIEW OF THE YEAR (continued)

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

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

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

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

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

The Committee engaged with key stakeholders, including:

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

- the London Assembly Transport and Environment Committees;

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

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

- Government departments throughout the year including DfT, Defra, DECC and DCLG. including the chair attending a high level round table with Lord Ahmad, Parliamentary Under Secretary of State for Transport, about strategic transport infrastructure in London

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

Looking forward to 2016/17

Next year will see a number of significant challenges.

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

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

REVIEW OF THE YEAR (continued)

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

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

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

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

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

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

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

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

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

Financial Information

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

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

Revenue expenditure

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

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

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

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

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

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

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

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

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

- Residual variances of -£49,000.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Budget for 2016/17

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

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

The Director of Corporate Resources has also:

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

Responsible Finance Officer's Certificate

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

F Smith CPFA 22 September 2016
Director of Corporate Resources

APPROVAL CERTIFICATE

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

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

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

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

The governance framework

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

Review of effectiveness

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

Areas for development during 2016/17

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

ICT Strategy, Security & Operational Control

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

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

Inventory

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

Risk Management and Business Continuity

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

There are no significant governance issues.

John O'Brien 22 September 2016
Chief Executive

Cllr Claire Kober OBE 22 September 2016
Chair of London Councils

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

(To be provided by KPMG)

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

(To be provided by KPMG)

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

(To be provided by KPMG)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

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

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

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

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

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

BALANCE SHEET AS AT 31 MARCH 2016

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

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

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

F Smith CPFA 22 September 2016
Director of Corporate Resources

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

a General Principles

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

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

The Statement of Accounts has been prepared with reference to:

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

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

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

- The accrual basis of accounting;

- The following underlying assumptions;

  - Going concern basis.

- The following qualitative characteristics:

  - Relevance;
  - Materiality; and
  - Faithful representation.

- The following enhancing qualitative characteristics:

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

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

The accounting policies have been consistently applied.

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

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;

- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and

- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

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

1. Accounting Policies (continued)

e Contingent Liabilities

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

f Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

1. Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

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

j Intangible Assets

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

k Interest Income

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

l Leases

Finance leases

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

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

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

Operating leases

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

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

1. Accounting Policies (continued)

m Overheads

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

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

n Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

- the purchase price; and

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

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

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

- Leasehold Improvements – the lower of 10 years or the remaining period left on the lease;

- Furniture and Equipment:

  - Furniture and Fittings – 5 years;

  - Computer Hardware – 3 years.

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

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

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

1. Accounting Policies (continued)

o Reserves

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

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

p Value Added Tax

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

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

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

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

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

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

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

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

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

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

Pensions

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

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

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

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

Property, Plant and Equipment

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

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

Bad Debt Provision

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

5. Events After the Balance Sheet Date

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

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

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

Adjustments for the year ended 31 March 2016:

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

Adjustments for the year ended 31 March 2015:

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

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

7. Transfers (from)/to Specific Reserves

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

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

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

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

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

8. Direct Revenue Expenditure

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

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

9. Financing and Investment Income and Expenditure

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

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

10. Pensions

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

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

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

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

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

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

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

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

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

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

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

10. Pensions (continued)

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

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

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

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

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

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

Financial Assumptions

The financial assumptions as at 31 March 2016:

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

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

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

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

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

10. Pensions (continued)

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

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

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

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

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

The following assumptions have also been made:

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

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

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

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

10. Pensions (continued)

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

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

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

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

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

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

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

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

10. Pensions (continued)

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

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

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

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

Sensitivity analysis:

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

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

10. Pensions (continued)

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

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

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

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

11. Property, Plant and Equipment

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

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

11. Property, Plant and Equipment (continued)

Comparative movements in 2014/15:

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

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

12. Short Term Debtors

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

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

13. Cash and Cash Equivalents

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

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

14. Leases

Operating Leases

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

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

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

15. Short Term Creditors

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

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

16. Usable Reserves

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

17. Unusable Reserves

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016 (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.

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

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

17. Unusable Reserves (continued)

Accumulated Absences Reserve

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

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

18. Cash Flow Statement – Operating Activities

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

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

19. Cash Flow Statement – Investing Activities

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

20. Members' Allowances

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

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

21. Officers' Remuneration

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

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

These amounts include payments made to Parking Adjudicators.

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

21. Officers' Remuneration (continued)

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

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

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

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

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

22. Termination Benefits

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

23. External Audit Costs

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

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

24. Related Parties

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

Member Boroughs

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

Transport for London

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

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

24. Related Parties (continued)

Central Government

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

British Parking Association

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

Greater London Authority

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

London Councils Limited

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

25. Concessionary Fares

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

26. Consolidated Accounts

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

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

27. Segmental Reporting

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

Appendix C

LONDON COUNCILS GRANTS COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2016

LONDON COUNCILS – GRANTS COMMITTEE

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REVIEW OF THE YEAR

Introduction

London Councils is committed to fighting for more resources for the capital and getting the best possible deal for London's 33 local authorities.

Much of our work consists of lobbying the government and others on behalf of our member councils, not just for a fair share of resources, but also to protect and enhance council powers to enable them to do the best possible job for their residents and local businesses.

We develop policy and do all we can to help our boroughs improve the services they deliver. We also run a range of services ourselves, all designed to make life better for Londoners.

London Councils Grants Committee

The London Councils Grants Programme provides grants to voluntary organisations to provide specified services in London under commissioning arrangements. It was set up under Section 48 of the Local Government Act 1985. Each London Borough and the City of London contribute to the costs of the Scheme on a per capita basis, and each has an member representative on the Grants Committee. The thirty-three members meet regularly to make decisions on grant policies and distribution and the oversight of the Programme to secure full value for money.

The Programme is accounted for separately from other activities of London Councils.

The City of London is the "designated council" for the scheme, and has the responsibility under S.151 of the 1972 Local Government Act for adequate financial administration for the scheme.

The London Councils Leaders' Committee sets the overall strategy for grants and the budget.

Financial Year 2015/16

The financial year 2015/16 saw several developments. First, the Chair of the Grants Committee, Cllr Paul McGlone was re-elected for a fourth term. He oversaw the delivery of the third year of the current four-year cycle.This operated under the following principles and priorities set by the Leaders' Committee:

Principles

- Commissioning services that deliver effectively and can meet the outcomes specified by London Councils, rather than funding organisations
- Commissioning services where there is clear evidence of a need to complement existing provisions that support organisations deliver services
- Commissioning services where it is economical and efficient to deliver services on a London wide basis or where mobility is key to delivery of a service to secure personal safety
- Commissioning services that cannot reasonably be delivered locally, at a borough or sub-regional level
- Commissioning services that work with statutory and non-statutory partners and contribute to meeting the objectives of the Equality Act 2010.

Services which satisfied the principles outlined above had to operate within at least one of the following priority areas were they to be eligible for funding from the scheme:

REVIEW OF THE YEAR (continued)

Priorities

1. Tackling homelessness among individuals and households through direct services and/or developing new ways of working with partners to generate housing and accommodation and access services:

    - early intervention and prevention of homelessness
    - emergency accommodation and advice services
    - support services that promote new ways to prevent homelessness and access to accommodation

2. Preventing sexual; and domestic violence:

    - prevention
    - emergency accommodation and advice and support for people and organisations
    - services that support women and communities affected by forced marriage and harmful practice.

3. Tackling poverty by promoting access to employment and training drawing on opportunities for match funding provided by boroughs working with London Councils and the European Social Fund:

    - preparatory training and support to improve access to employment and further training opportunities for people not eligible for the Work Programme affected by long term conditions.

4. Providing support to London's voluntary organisations enabling those organisations gain access to funds, skills and resources to provide effective services to communities:

    - services that support voluntary organisations deliver effectively and including opportunities for front-line services to gain from funding opportunities
    - services that achieve efficiencies and improve stability through delivering services jointly through partnerships or mergers.

The third main area of the Grants Committee's work in this year was to conduct a review of the Grants Programme. This operated under the same principles set by the Leaders' Committee. It involved substantial evidence gathering including two public consultation. The Leaders and Grants Committees decided that there would be a new, four-year cycle of the Grants Programme from April 2017. This would have three priorities:

- Tackling homelessness
- Preventing and stopping sexual and domestic violence
- Tackling poverty through employment (jointly funded by the European Social Fund).

In its work, the Grants Committee is supported by the Grants and Community Services team of officers in London Councils. In 2015/16, the officer team managed the performance of the organisations to which the Grants Committee had awarded and, in particular, carried out a review of all projects' performance. The review drew on the red, amber, green risk (RAG) performance rating system that the Committee had introduced.

RAG ratings

The RAG risk rating system was designed to give the Grants Committee confidence that it had proper oversight of the grants awarded. It brings together a number of different measures of performance:

REVIEW OF THE YEAR (continued)

- performance (delivery against target outcomes – 60% of total score);
- quality (provider self-assessment and beneficiary satisfaction – 20% of total score);
- compliance (timeliness and accuracy of reporting, responsiveness and the proactive management of risk – 20% of total score).

The RAG ratings are applied in the following way:

- Green – greater than 75 points
- Amber – between 50 and 74 points
- Red – less than 50 points.

Programme performance

In the performance report to the Committee at its meeting in March 2016, performance was as follows:

- Priority 1 (homelessness): 28% ahead of target
- Priority 2 (sexual and domestic violence): 9% above target
- Priority 3 (poverty): 1% above target at completion
- Priority 4 (capacity building): 3% ahead of target.

The officer team also worked to ensure Committee members get better access to the programme. Working closely with Cllr McGlone, a programme of Chair's visits was arranged, which gave members an opportunity to see at first hand the work being done by providers. A provider was also invited to speak at each meeting of the Committee.

London Funders

London Councils works closely with London Funders, reflecting the challenges of delivering services efficiently and attracting other funding for voluntary organisations in London. London Councils provides an annual subscription of £60,000 to London Funders on behalf of the London boroughs.

European Social Fund

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and so help raise standards of living. It aims to help people fulfil their potential by giving them better skills and better job prospects. London Councils is a recognised commissioner and distributor of ESF. Since 2007, London Councils has been a part of the London ESF programme, which is under the strategic direction of the Mayor of London. London Councils' ESF programme contains activities, outputs and results that contribute to the employment and skills priorities in the Regional ESF Framework.

Priority 3 of the Grants Committee's programme – tackling poverty through employment – is half funded by ESF. The 10 projects closed at the end of 2015, along with that cycle of the national ESF programme.

REVIEW OF THE YEAR (continued)

Looking forward to 2015617

We look forward to continuing to tackle the four priorities in the coming year. We will do this by investing in front-line projects funded by London boroughs and, in some cases, match funded by the ESF. A new ESF programme will come on stream and is expected to fund six ESF projects which address priority 3 (poverty) of the Grants Programme, joining the existing 5 projects which address priorities 1, 2 and 4 (homelessness, sexual and domestic violence and capacity building) that are overseen by the Committee.

The review of the Grants Programme will focus on turning the decisions on strategy that members made in 2015/16 into detailed service specifications. These will then be commissioned from voluntary organisations in good time before services start in April 2017.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

Financial Information

The Committee's accounts for the 2015/16 financial year are set out over the following pages. They include:

i) Statement of Responsibilities for the Statement of Accounts (page 7);

ii) Movement in Reserves Statement (page 18);

ii) Comprehensive Income and Expenditure Statement (page 19);

iii) Balance Sheet (page 20);

iv) Cash Flow Statement (page 21); and

v) Notes to the Accounts (page 22 - 45).

Revenue expenditure

The Leaders' Committee approved a gross expenditure budget for 2015/16 in December 2014 of £10.5 million, of which £9.885 million related to payments to voluntary organisations, with the residual budget of £615,000 relating to non-grant expenditure. The London boroughs gave agreement to the budget by the statutory two-thirds majority before the end of January 2015.

Set out below is a comparison between the actual and estimates for the year.

	Revised Budget £000	**Actual £000**	**Variation £000**
Expenditure	10,500	8,889	(1,611)
Income	(10,250)	(9,509)	741
Net cost of services	**250**	**(620)**	**(870)**
Interest Expense	-	32	32
Deficit/(Surplus) for the year	**250**	**(588)**	**(838)**
Net Transfer from Reserves	(250)	(579)	(329)
Surplus for the year (including transfer from reserves)	**-**	**(1,167)**	**(1,167)**

The surplus of £1.167 million is attributable to a surplus of £179,000 in relation to London Councils main grants programme and a surplus of £988,000 in the European Social Fund (ESF) match funded grants programme.

The surplus of £179,000 on the main grants programme is attributable to:

- an underspend of £201,000 in relation to payments for commissioned services relating to 2015/16; and

- a net overspend of £22,000 in relation to grants administration expenditure attributable to overspends of £13,000 in respect of salary costs and £23,000 for general running costs and central recharges, offset by £14,000 from investment income received on Committee reserves.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

For the ESF/borough funded commissions, the provisional surplus of £988,000 is split between:

- a projected breakeven position relating to payments in respect of the expired 2013-15 borough/DWP ESF programme, where total residual payments to providers of £952,000 and administration costs of £56,000 have been funded by ESF grant of £494,000, a transfer from accumulated ESF reserves of £499,000 and borough contributions received in advance in 2014/15 of £15,000; and

- a projected net underspend of £988,000 in respect of the new 2016+ ESF programme, the start of which has slipped into the 2016/17 financial year. Administrative costs, estimated to be in the region of £12,000, have been incurred in respect of preparatory bid work and may be subject to a retrospective grant claim once the new programme has commenced. However, at this stage, as no substantive spend was incurred in 2015/16 on the new programme, no ESF grant will be receivable. The underspend, therefore, effectively relates to the £1 million borough contributions made during 2015/16 in respect of the funding of the new programme.

The Balance Sheet shows that the General Fund reserve balance has increased from £1.324 million at the beginning of the year to £1.993 million at the year-end. A balance is held in the General Fund reserve for cash flow purposes.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Chamberlain of the City of London’s Responsibilities

The Chamberlain of the City of London 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 Chamberlain of the City of London 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 Chamberlain of the City of London has also:

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

Responsible Finance Officer's Certificate

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

Dr Peter Kane CPFA 22 September 2016
The Chamberlain, City of London

APPROVAL CERTIFICATE

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

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

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

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

The governance framework

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

Review of effectiveness

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

Areas for development during 2016/17

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

ICT Strategy, Security & Operational Control

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

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

Inventory

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

Risk Management and Business Continuity

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

There are no significant governance issues.

John O'Brien 22 September 2016
Chief Executive

Cllr Claire Kober OBE 22 September 2016
Chair of London Councils

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS GRANTS COMMITTEE (THE "COMMITTEE")

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS GRANTS COMMITTEE (THE "COMMITTEE") (continued)

(To be provided by KPMG)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON COUNCILS GRANTS COMMITTEE (THE "COMMITTEE") (continued)

(To be provided by KPMG)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	2015/16			2014/15		
	General Reserve	Unusable Reserves	Total Committee Reserves	General Reserve	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	**1,324**	**(1,568)**	**(244)**	**1,950**	**(920)**	**1,030**
Surplus/(Deficit) on the provision of services	588	-	588	(695)	-	(695)
Other Comprehensive Income and Expenditure (note 9)	-	397	397	-	(579)	(579)
Total Comprehensive Income and Expenditure	**588**	**397**	**985**	**(695)**	**(579)**	**(1,274)**
Adjustments between accounting basis and funding basis under regulations (note 6)	81	(81)	-	69	(69)	-
Increase/(Decrease)	**669**	**316**	**985**	**(626)**	**(648)**	**(1,274)**
Balance at 31 March	**1,993**	**(1,252)**	**741**	**1,324**	**(1,568)**	**(244)**

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

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

	Note	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net £000
Cost of Services							
Direct Revenue Expenditure:							
Grants to Voluntary Organisations	7	8,256	(8,979)	(723)	9,608	(9,786)	(178)
					9,608	**(9,786)**	**(178)**
Other Operating Expenditure:							
Staff costs		464	(367)	97	455	(407)	48
Premises		45	(41)	4	47	(46)	1
Central Support Services		124	(122)	2	147	(137)	10
Consultancy		-	-	-	-	(12)	(12)
One-off Payment to Boroughs		-	-	-	800	-	800
		633	**(530)**	**103**	**1,449**	**(602)**	**847**
Net Revenue Cost of Services		**8,889**	**(9,509)**	**(620)**	**11,057**	**(10,388)**	**669**
Financing and investment income and expenditure	8			32			26
(Surplus)/Deficit on Provision of Services				**(588)**			**695**
Actuarial (gains)/loss on pension assets/liabilities	9			(397)			579
Other Comprehensive Income and Expenditure				**(397)**			**579**
Total Comprehensive Income and Expenditure				**(985)**			**1,274**

BALANCE SHEET AS AT 31 MARCH 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets or 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.

	Note	31 March 2016 £000	31 March 2015 £000
Intangible Assets	11	-	1
Long Term Assets		**-**	**1**
Short Term Debtors	12	-	433
Cash and Cash Equivalents	13	2,303	1,218
Current Assets		**2,303**	**1,651**
Short Term Creditors	14	(319)	(336)
Current Liabilities		**(319)**	**(336)**
Other Long Term Liabilities	9	(1,243)	(1,560)
Long Term Liabilities		**(1,243)**	**(1,560)**
Net Assets/(Liabilities)		**741**	**(244)**
Usable Reserves		1,993	1,324
Unusable Reserves	15	(1,252)	(1,568)
Total Reserves		**741**	**(244)**

The notes on pages 22 to 45 form part of the accounts.

Dr Peter Kane CPFA 22 September 2016
The Chamberlain, City of London

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

	2015/16	2014/15
	£000	£000
Net surplus/(deficit) on the provision of services	588	(695)
Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	497	332
Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(14)	(17)
Net cash flows from Operating Activities (note 16)	**1,071**	**(380)**
Investing Activities (note 17)	14	17
Net increase/(decrease) in cash and cash equivalents	**1,085**	**(363)**
Cash and cash equivalents at 1 April	**1,218**	**1,581**
Cash and cash equivalents at 31 March	**2,303**	**1,218**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

a General Principles

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

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

The Statement of Accounts has been prepared with reference to:

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

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

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

- The accrual basis of accounting;

- The following underlying assumptions;

  - Going concern basis.

- The following qualitative characteristics:

  - Relevance;
  - Materiality; and
  - Faithful representation.

- The following enhancing qualitative characteristics:

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

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

The accounting policies have been consistently applied.

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

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;

- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and

- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

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

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 Pensions Fund Authority (LPFA). The scheme provides defined benefits to its members (retirement lump sums and pensions), earned as officers work for the Committee.

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

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

1. Accounting Policies (continued)

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

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

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

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

- The change in the net pensions liability is analysed into the following 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), i.e. 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 2016 (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 2016 (continued)

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

Amounts recognised as due to the Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

j Intangible Assets

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

k Interest Income

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

l 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.

m 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.

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

1. Accounting Policies (continued)

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.

m Property, Plant and Equipment (continued)

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.

n Reserves

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

o Value Added Tax

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

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

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

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

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

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

The only critical judgement made in the Statement of Accounts is:

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.

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

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

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

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

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £70,000. However, the assumptions interact in complex ways. During 2015/16, Barnett Waddingham LLP advised that the net pensions liability had decreased by £304,000 as a result of a change in financial assumptions.

5. Events After the Balance Sheet Date

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

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

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

Adjustments for the year ended 31 March 2016:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 15)	80	(80)
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 15)	1	(1)
Total Adjustments	**81**	**(81)**

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 15)	69	(69)
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 15)	-	-
Total Adjustments	**69**	**(69)**

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

7. Grants to Voluntary Organisations

The analysis of grant expenditure for the year:

	2015/16 £000	2014/15 £000
Main Grants Programme	7,304	7,404
ESF Match Funded Programme	952	2,204
Total	**8,256**	**9,608**

8. Financing and Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest and Investment Income	(14)	(17)
Net loss on Pension Scheme Assets/Liabilities (see note 9)	46	43
Total	**32**	**26**

9. Pensions

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

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

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

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

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

9. 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	13
2015/16	14
2016/17	14

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 the 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; and

- 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 Pensions 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.

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

9. 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' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2016 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

Financial Assumptions

The financial assumptions as at 31 March 2016:

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

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

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

The discount rate is the annualised yield at the 21 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS 19 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 0.9% p.a. below RPI i.e. 2.5% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

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

9. Pensions (continued)

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

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

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

The following assumptions have also been made:

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

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

	At 31 March 2016		At 31 March 2015	
	£000	%	£000	%
Equities	1,032	46%	1,095	43%
LDI/Cashflow matching	225	10%	189	8%
Target return portfolio	473	21%	730	29%
Infrastructure	122	5%	125	5%
Commodities	10	0%	23	1%
Property	79	4%	72	3%
Cash	281	13%	290	11%
	2,222	**100%**	**2,524**	**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.

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

9. Pensions (continued)

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

	At 31 March 2016 £000	At 31 March 2015 £000
Fair value of employer assets	2,222	2,524
Present value of scheme liabilities	(3,462)	(4,080)
Net Liability	**(1,240)**	**(1,556)**
Present value of unfunded liabilities	(3)	(4)
Net Liability in Balance Sheet	**(1,243)**	**(1,560)**

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

	At 31 March 2016 £000	At 31 March 2015 £000
Service cost	79	72
Net interest on the defined liability	46	43
Administration expenses	3	4
Total	**128**	**119**

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

	At 31 March 2016 £000	At 31 March 2015 £000
Opening Defined Benefit Obligation	**(4,084)**	**(3,086)**
Current service cost	(79)	(72)
Interest cost	(122)	(150)
Change in financial assumptions	304	(552)
Estimated benefits paid net of transfers	53	75
Contributions by scheme participants	(24)	(27)
Adjustment arising from apportionment of pension liability	487	(272)
Closing Defined Benefit Obligation	**(3,465)**	**(4,084)**

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

	At 31 March 2016 £000	At 31 March 2015 £000
Opening Fair Value of Employer's Assets	**2,524**	**2,174**
Interest on assets	76	107
Return on assets less interest	(93)	53
Administration expenses	(3)	(4)
Contributions by employer	49	51
Contributions by scheme participants	24	27
Estimated benefits paid plus unfunded net of transfers in	(54)	(76)
Adjustment arising from apportionment of pension liability	(301)	192
Closing Fair Value of Employer's Assets	**2,222**	**2,524**

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

9. Pensions (continued)

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	3,395	3,495	3,538
Projected service cost	68	70	72
Adjustment to Long-term Salary Increases	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	3,474	3,465	3,458
Projected service cost	70	70	70
Adjustment to Pension Increases and Deferred Revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	3,531	3,465	3,402
Projected service cost	72	70	69
Adjustment to Mortality Age Rating Assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	3,565	3,465	3,369
Projected service cost	72	70	68

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

	At 31 March 2016 £000	At 31 March 2015 £000
Return on plan assets less interest	(93)	53
Change in financial assumptions	304	(552)
Adjustment arising from apportionment of pension liability	186	(80)
Re-measurements	**397**	**(579)**

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

9. Pensions (continued)

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

	2016/17 £000
Service cost	70
Net interest on the defined liability	46
Administration expenses	3
Total	**119**
Employers contribution	47

10. Property, Plant and Equipment

	Furniture and Equipment £000	Total £000
Cost		
At 1 April 2015	**6**	**6**
Additions	-	-
Disposals	-	-
At 31 March 2016	**6**	**6**
Accumulated Depreciation		
At 1 April 2015	**6**	**6**
Charge for the year	-	-
Charge relating to Disposals	-	-
At 31 March 2016	**6**	**6**
Net Book Value		
At 31 March 2016	**-**	**-**
At 31 March 2015	**-**	**-**

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

10. Property, Plant and Equipment (continued)

Comparative movements in 2014/15:

	Furniture and Equipment £000	Total £000
Cost		
At 1 April 2014	**6**	**6**
Additions	-	-
Disposals	-	-
At 31 March 2015	**6**	**6**
Accumulated Depreciation		
At 1 April 2014	**6**	**6**
Charge for the year	-	-
Charge relating to Disposals	-	-
At 31 March 2015	**6**	**6**
Net Book Value		
At 31 March 2015	**-**	**-**
At 31 March 2014	**-**	**-**

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

11. Intangible Assets

The intangible assets consist solely of purchased computer software. The Committee accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The carrying amount of computer software, accounted for as intangible assets, are amortised on a straight line basis, starting after the year of acquisition, over the lower of 3 years or the length of the software licence.

The movement on Intangible Asset balances during the year is as follows:

	31 March 2016 £000	31 March 2015 £000
Balance at start of year:		
Gross carrying amount	4	4
Accumulated amortisation	(3)	(2)
Net carrying amount for the year	**1**	**2**
Additions	-	-
Disposals	-	-
Amortisation for the year	(1)	(1)
Net carrying amount at end of year		**1**
Comprising:		
Gross carrying amount	4	4
Accumulated amortisation	(4)	(3)
	-	**1**

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

11. Intangible Assets (continued)

The capital expenditure on intangible assets will be funded from revenue budgets in line with the annual amortisation charge.

There are no contractual commitments for the acquisition of Intangible Assets.

12. Short Term Debtors

	31 March 2016 £000	31 March 2015 £000
Other local authorities	-	184
Public corporations and trading funds	-	87
Other entities and individuals	-	162
Total	**-**	**433**

The debtor balances at 31 March 2015 consisted of amounts due from member boroughs of £184,000 (excluding payments in advance and bad debt provision) for their quarterly subscriptions, payments in advance of £158,000, a bad debt provision of £57,000 and other debtors of £148,000.

13. Cash and Cash Equivalents

	31 March 2016 £000	31 March 2015 £000
Cash balances held by the City of London	2,303	1,218
Total	**2,303**	**1,218**

14. Short Term Creditors

	31 March 2016 £000	31 March 2015 £000
Other local authorities	-	(15)
Public corporations and trading funds	-	(15)
Other entities and individuals	(319)	(306)
Total	**(319)**	**(336)**

Included within the creditor balances above are accruals of £319,000 (2013/14: £306,000) and receipts in advance of Nil (2013/14: £30,000).

15. Unusable Reserves

	31 March 2016 £000	31 March 2015 £000
Pensions Reserve	(1,243)	(1,560)
Accumulated Absences Reserve	(9)	(8)
Total	**(1,252)**	**(1,568)**

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

15. Unusable Reserves (continued)

Pensions Reserve

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

	2015/16		2014/15	
	£000	£000	£000	£000
Balance at 1 April		**(1,560)**		**(912)**
Actuarial (loss)/gain on pension assets and liabilities		397		(579)
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	(129)		(120)	
Employer's pensions contribution and direct payments to pensioners payable in the year	49		51	
		(80)		(69)
Balance at 31 March		**(1,243)**		**(1,560)**

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

15. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2015/16		2014/15	
	£000	£000	£000	£000
Balance at 1 April		(8)		(8)
Settlement or cancellation of accrual made at the end of the preceding year	8		8	
Amounts accrued at the end of the current year	(9)		(8)	
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		(1)		-
Balance at 31 March		**(9)**		**(8)**

16. Cash Flow Statement – Operating Activities

	2015/16		2014/15	
	£000	£000	£000	£000
Surplus/(Deficit) on Provision of Services		**588**		**(695)**
Adjusted for:				
Current service cost adjustment	34		26	
Amortisation of intangible assets	1		1	
Net loss on pension scheme assets/liabilities	46		43	
Increase/(Decrease) in debtors	433		602	
Decrease in creditors	(17)		(340)	
Adjustments for non-cash movements		**497**		**332**
Interest and Investment Income	(14)		(17)	
Adjustments for investing and financing activities		**(14)**		**(17)**
Net cash flows from Operating Activities		**1,071**		**(380)**

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

17. Cash Flow Statement – Investing Activities

	2015/16 £000	2014/15 £000
Interest and Investment Income	14	17
Total	**14**	**17**

18. Members' Allowances

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

	2015/16 £000	2014/15 £000
Members Allowances	19	18

19. Officers' Remuneration

There are no employees whose remuneration (including termination payments but excluding employer's pension contributions) was £50,000 or more (2014/15: Nil).

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

19. Officers' Remuneration (continued)

London Councils' Senior Officers whose salaries are between £50,000 and £150,000.

Post Holder	2015/16			2014/15		
	Salary	Pension	Total Remuneration	Salary	Pension	Total Remuneration
	£	£	£	£	£	£
Corporate Director – Services	30,735	3,688	34,423	30,735	3,688	34,423
Director – Corporate Governance	4,969	596	5,565	4,896	586	5,482
Total	**35,704**	**4,284**	**39,988**	**35,631**	**4,274**	**39,905**

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 Grants Committee are as follows:

- Corporate Director - Services – 25% (2014/15: 25%)
- Director – Corporate Governance – 5% (2014/15: 5%)

	2015/16	2014/15
	£	£
Remuneration of highest paid Director	122,940	122,940
Remuneration of median member of staff	32,964	33,051
Multiple between the median member of staff and the highest paid director	3.73	3.72

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

20. Termination Benefits

There were termination payments of £3,000 included in the Comprehensive Income and Expenditure Statement for 2015/16 (2014/15: NIL).

21. External Audit Costs

The Committee incurred the following amounts in relation to the audit of the Statement of Accounts:

	2015/16 £000	2014/15 £000
Fees payable in respect of the audit of the Statement of Accounts:		
Fees payable to PricewaterhouseCoopers LLP	3	7
Rebate received from Audit Commission	-	(1)
	3	**6**

22. 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 Leaders' and Grants Committees. The total value of income from subscriptions recognised in the Comprehensive Income and Expenditure Statement from member boroughs during 2015/16 was £9.014 million (2014/15: £9.261 million). There were no one-off payments made to member boroughs during 2015/16 (2014/15: £800,000). On 31 March 2016, the were no debtor balances owed by member boroughs (2014/15: £184,000) and there no credit balances owed to member boroughs (2014/15: £15,000).

23. Grant Commitments

The value of commitments in 2016/17 is £9.385 million. Included within these amounts is £1.88 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £940,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

24. Consolidated Accounts

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

25. 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.

GLOSSARY (continued)

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.

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).

GLOSSARY (continued)

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

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.

Audit Committee

London Councils' Corporate Risk Register

Item no: 06

Report by:	David Dent	**Job title:**	Principal Corporate Governance Officer
Date:	22 September 2016		
Contact Officer:	Christiane Jenkins		
Telephone:	020 7934 9540	**Email:**	Christiane.jenkins@londoncouncils.gov.uk

Summary:

London Councils' Risk Management Framework provides that the Corporate Risk Register will be presented to the Audit Committee on an annual basis.

Recommendations:

The Audit Committee is asked to:

- Note London Councils' Corporate Risk Register for 2016/17 which can be found attached at Appendix 2.

London Councils' Corporate Risk Register

1. Background

1.1 London Councils' current Risk Management Strategy and Framework was agreed in March 2012 (item 6 on this agenda details a review of the Strategy, Framework and guidance documents). The approach is proportionate to the Organisation and establishes a framework for identifying and periodically monitoring risk. The types and definitions of risks used in London Councils' risk assessments are attached at Appendix 1.

1.2 As set out in the Risk Management Framework, the Corporate Risk Register is reviewed annually by the Audit Committee.

1.3 The Directorate and Corporate Risk Registers are reviewed, at minimum, quarterly by the Corporate Governance Officer Group and half-yearly by London Councils' Corporate Management Board (CMB). This review process ensures that the risk registers continue to support London Councils' corporate priorities.

2. Current position on risk registers

2.1 There are three directorate registers:

- Chief Executive (includes the Corporate Resources and Corporate Governance Divisions);
- Services;
- Policy & Public Affairs.

2.2 The Divisional and Directorate Risk Registers and the Corporate Risk Register were last considered and agreed by CMB on 16 August 2016. The 2016/17 Corporate Risk Register is attached as Appendix 2.

2.3 In accordance with Audit Committee requirements, risk registers are reported to Committee in rotation, future dates are as follows:

March 2017	Services
June 2017	Chief Executive (Corporate Governance and Corporate Resources)
September 2017	Corporate Risk register

2.4 The Corporate Risk Register has also been referred to Internal Audit and our external Auditors - KPMG for information.

3. Implications

Equalities Implications for London Councils

There are no specific equalities implications arising from the recommendations, although when compiling the Divisional and Corporate Risk Registers, equalities issues may be identified and will be recorded, reported and managed as necessary.

Financial Implications for London Councils

There are no financial implications arising from this report.

Legal Implications for London Councils

The need for a formal policy was highlighted by PricewaterhouseCoopers (PWC) in their Audit Letter for 2004/05 and was also a requirement of the Use of Resources criteria applied by PwC under the Code of Audit Practice 2005.

4. Recommendations

The Audit Committee is asked to:

- Note London Councils' Corporate Risk Register for 2016/17 (Appendix 2).

Appendices:

Appendix 1 - Criteria for risks within London Councils;

Appendix 2 - Corporate Risk Register for London Councils for 2016/17.

Background papers:

London Councils Risk Management Strategy and Framework 2012;

Directorate and Divisional Risk Registers.

Appendix 1 – Criteria for risks within London Councils
(extract from London Councils Risk Management Strategy & Framework, approved March 2012)

Types of risks
The main types of risk that London Councils is likely to encounter are:

Risk	Definition
Compliance	Risk of failing to comply with statutory requirements.
External	Risks from changing public or government attitudes.
Financial	Risks arising from insufficient funding, losing monetary resources, spending, fraud or impropriety, or incurring unacceptable liabilities
Operational	Risks associated with the delivery of services to the public and boroughs arising, for example, from recruitment difficulties, diversion of staff to other duties, or IT failures, loss or inaccuracy of data systems or reported information
Project	Risks of specific projects missing deadlines or failing to meet stakeholder expectations.
Reputation	Risks from damage to the organisation's credibility and reputation.
London	Risks to our stakeholders that need to be taken into account in our planning and service provision
Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Contractual Risks	Risks related to the management of service contracts
Internal	Risks that relate to HR/People risks associated with employees, management and organisational development

Assessing and scoring risks
To assess risks adequately London Councils will identify the *consequences* of a risk occurring and give each risk a score or *risk rating*.

A means of comparing risks is needed so that efforts can be concentrated on addressing those that are most important. Each risk will be given a score, depending on its likelihood and its impact, as shown below. A risk may meet some, or all, of a description of likelihood or impact. These descriptions provide guidance rather than a prescriptive formula for determining risk ratings. Scoring a risk is a judgement call based on knowledge, understanding and informed guesswork.

Any risks which are both very likely to occur and will have a high impact are the ones that demand immediate attention.

Risk assessment			
Rating	**Likelihood**	**Impact**	**Rating**
Very High 4	**70% chance of occurrence** Almost certain (the risk is likely to occur within 6 months or at a frequent intervals). The event is expected to occur as there is a history of regular occurrence.	Huge financial loss; key deadlines missed or priorities unmet; very serious legal concerns (e.g. high risk of successful legal challenge, with substantial implications for London Councils); major impact on Boroughs or Londoners; loss of stakeholder public confidence.	*Very High 4*
High 3	**40% - 70% chance of occurrence** Probable, the risk is likely to occur more than once in the next 12 months. A reasonable possibility the event will occur as there is a history of frequent occurrence.	Major financial loss; need to renegotiate business plan priorities; changes to some organisational practices due to legislative amendments; potentially serious legal implications (e.g. risk of successful legal challenge); significant impact on the Boroughs or Londoners; longer-term damage to reputation.	*High 3*
Medium 2	**20% - 39% chance of occurrence** Possible, the risk may occur in the next 18 months. Not expected but there's a possibility it may occur as there is a history of casual occurrence.	Medium financial losses; reprioritising of services required; minor legal concerns raised; minor impact on the Boroughs or Londoners; short-term reputation damage.	*Medium 2*
Low 1	**<20% chance of occurrence** Rare, the risk may occur in exceptional circumstances.	Minimal financial losses; service delivery unaffected; no legal implications; unlikely to affect the Boroughs or Londoners; unlikely to damage reputation.	*Low 1*

Risk scores

Risk Assessment

Very High (4)	**4**	**8**	**12**	**16**
High (3)	**3**	**6**	**9**	**12**
Medium (2)	**2**	**4**	**6**	**8**
Low (1)	**1**	**2**	**3**	**4**
	Low (1)	**Medium (2)**	**High (3)**	**Very High (4)**

Impact

It is recognised that the scores at different levels of the register (project/team, directorate/ divisional, corporate) will reflect the importance of the risk in the context of the level of the register. For example, an individual officer's project register may reflect a high impact score on the project if an element is delivered late, but this will not necessarily correspond to a high impact on the organisation as a whole. This incremental approach to impact allows risks to be appropriately scored at each level to enable effective prioritisation of management and mitigation actions.

Mitigating risks

In addressing risks, a proportionate response will be adopted – reducing risks to 'As Low a Level as is Reasonably Practicable' in the particular circumstances (known as the ALARP approach).

In identifying actions to address a risk, at least one of the 4 T's; treat, transfer, tolerate or terminate should apply.

Treat – treating the risk is the most common response, taking action to lessen the likelihood of the risk occurring. Treatment can also mean planning what you will do if the risk occurs, therefore minimising the impact. The purpose of 'treatment' is not necessarily to terminate the risk but, more likely, to establish a planned series of mitigating actions to contain the risk to an acceptable level.

Transfer – transferring the risk might include paying a third party to take it on or having an insurance policy in place. Contracting out a service might mitigate the risk but create new risks to be managed.

Tolerate – the ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In this instance, the only management action required is to 'watch' the risk to ensure that its likelihood or impact does not change. This is an acceptable response as long as the risk has been properly identified and toleration is agreed to be the best option. If new management options arise, it may become appropriate to treat this risk in the future. London Councils may choose to tolerate a high residual risk if the activity involves presents a significant, yet risky, opportunity for the organisation. This should be explained in the description of the countermeasures.

Terminate – by doing things differently, you remove the risk.

Appendix 2

London Councils Corporate Risk Register

Responsibility - CMB	Reviewed by; Corporate Governance Group Reviewed by; CMB	Date last reviewed : **July 2016** Date last reviewed : **August 2016**

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
Corp 1	Loss of borough support	Financial, Reputational and Strategic	Inability to demonstrate value to London local government resulting in boroughs withdrawing support for London Councils.	4	4	16	London Councils has a range of controls in place and regularly reports to Leaders' Committee, the Executive and other forums; Members through the party group leaders and the Executive to influence and shape the priorities of the organisation. A member communication programme is in place that offers online and tailored services to all members in the form of exclusive, policy-based member briefings, a free events programme and a bespoke members' website. In addition, London Councils officers engage and work with relevant officer groups across London, including but not limited to CELC, ADASS, ALDECS and SLT. A Challenge process was commissioned during 2016 to help inform the organisation's consideration of what it needs to be capable of delivering on behalf of London local government over the next five years.	John O'Brien, Chief Executive	3	2	6

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
Corp 2	Business Continuity/ Disaster Recovery Plans not in place or inadequate	Operational, Reputational, Financial	IT systems and buildings access unable to be restored in the event of a disaster scenario resulting in an inability to continue day-to-day business.	4	2	8	London Councils' Business Continuity Plan (BCP) was updated and approved by CMB in April 2016. An internal audit review of the BCP has recently been completed and the recommendations were incorporated into the final version. The BCP includes adequate arrangements to ensure that all areas of service could continue in the event of a disaster. Nominated Gold, Silver and Bronze team members are the main points of contact for help or advice on emergency procedures and continuity arrangements. Each Directorate has considered its business continuity risks which are reflected in the business risk impact analysis and identified appropriate contingency plans. The BCP includes details of scenario testing, communication plans and examples of the types of scenarios to be considered in disaster recovery situations.	Frank Smith, Director of Corporate Resources	1	2	2

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
Corp 3	Inadequate corporate governance	Compliance, Financial, Reputational	London Councils policies including HR policies, not compliant - Risk of prosecution and damage to London Councils reputation for failure to comply with current legislation, including compliance with information legislation, Freedom of Information Act 2000 and the Data Protection Act 1998, Inability to meet statutory and best practice requirements; non compliance with external auditor recommendations, lack of a corporate governance framework, information management issues; lack of robust financial systems, including grant funded organisations.	2	3	6	The organisation has a number of controls in place to address its statutory responsibilities. The financial controls have been approved by the external auditors and there is robust budget monitoring and reporting of monthly salaries forecasts to Corporate Management Board and detailed quarterly budget monitoring reports to the Executive and funding stream committees (performance management framework in place to rectify poor performance of grant funded organisations, supplemented by robust monitoring). There is also a rolling internal audit programme. An annual governance statement is in place and is approved by the Audit Committee and outlines corporate governance arrangements, policies and procedures. In addition, an annual Corporate Governance report goes to CMB outlining the work completed and development areas for the following year. Guidance on data protection and for responding to requests for information is available for all staff on the intranet. Information Management Policies were approved in October 2014. Corporate support will be offered to assist implementation of the policies, including development of a comprehensive information asset register and a review of all contracts involving personal information. All	Frank Smith, Programme Director, Corporate Resources Christiane Jenkins, Programme Director, Corporate Governance	2	2	4

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
							staff are required to attend an appropriate information security/data protection training session. Further support is available from Corporate Governance and, where necessary, legal advice can be obtained from the City of London.				

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
Corp 4	Non-delivery of pan London mobility services	Operational, Reputational	Failure to manage/retain the funding and delivery of the Freedom Pass, Taxicard and concessionary fares would impact directly on London's older and disabled residents and possibly borough budgets.	2	4	8	Contracts, negotiations, governance and management processes are in place monitoring cost and performance. Members receive regular committee reports. Back office data management systems underpin both schemes.	Spencer Palmer, Director Transport and Mobility	1	2	2
Corp 5	Non delivery of London Tribunals (formerly the Parking and Traffic Appeals service known as PATAS)	Strategic, Operational, Reputational, Financial	London Council's main statutory responsibility is to run ETA, formerly PATAS, part of London Tribunals (which also comprises RUCA). A failure to run these services effectively has financial consequences on the boroughs directly and also may affect their own enforcement operations; it also affects London Councils' reputation.	3	4	12	Closely specified and managed contract for administrative support; with strong KPIs and management arrangements internally.	Spencer Palmer, Director Transport and Mobility	2	2	4

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
Corp 6	Ineffective relationships with key stakeholders, key decision makers and the media	External Project Reputation Strategic	Failure to develop effective relationships is likely to reduce our ability to influence key audiences and the quality of policy and service developments which could lessen the impact of the work, in particular, inability to stabilise productive relationships with the new Mayor and Mayoral Advisers and new Government.	2	2	4	Key partners identified during business planning process; continuing dialogue during commissioning of services, monitoring of delivery, sharing of knowledge and intelligence.	Chief Executive, John O'Brien and Corporate Directors; Nick Lester, Dick Sorabji	1	1	1
Corp 7	Inability to be flexible with resources to ensure appropriate responses to changing circumstances	Strategic, Operational, Reputational, Financial	Insufficient response to economic, social, legal, political changes in society rendering existing work less relevant and/or missing opportunities to have a greater impact	4	2	8	Regular engagement with Members to ensure that any changes to organisational priorities are supported; effective work programmes and robust corporate business planning to enable flexibility to respond to changing circumstances.	Chief Executive, John O'Brien and Corporate Directors; Nick Lester, Dick Sorabji	2	2	4
Corp 8	Failure to deliver a robust Grants Scheme that delivers members requirements	Strategic, Operational, Reputational, Financial	Loss of confidence in the grants programme by London boroughs, the voluntary sector and other private and voluntary sector funders; effective	3	3	9	Close liaison with Members, lawyers, services, other funding bodies and the voluntary sector.	Nick Lester, Corporate Director for Services	2	2	4

No	Risk	Risk Type	Risk description	Risk Rating without control (1-4)			Controls in place	Responsible Officer	Risk rating with control (1-4)		
				L	I	O			L	I	O
			consultation and delivery of equalities objectives								
Corp 9	Failure to deliver ongoing efficiency savings	Reputational, Financial and Operational	Efforts to secure ongoing efficiency savings.	4	3	12	Managing proposals to ensure proper consideration is given to options for savings and enough information is given to Members to enable informed decisions on the impact of any proposed savings.	Chief Executive, John O'Brien and Corporate Directors; Nick Lester, Dick Sorabji	3	2	6

Audit Committee

Revised Risk Management Strategy & Framework

Item no: 07

Report by:	David Dent	**Job title:**	Principal Corporate Governance Officer
Date:	22 September 2016		
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Summary

This report outlines the changes proposed to London Councils' Risk Management Strategy and Framework following a review of the document, which was last updated in 2012. The proposed approach to risk management comprises the following elements;

- **Strategy**: what are we intending to achieve, what is our approach to risk, what is our risk appetite;
- **Short guide to risk management**: for general information and to develop general knowledge of risk management;
- **Guide to completing London Councils risk register**: to assist staff in completing or reviewing a risk register, also offering alternative tools to assist in identifying risks.

The Strategy, Framework and guides are revised versions of the existing documents. The proposed revisions are intended to meet London Councils current needs and to formalise what is already in practice and working successfully, recognising that risk management is embedded in the workings of the organisation.

Full versions of all the documents are attached as appendices:

- Appendix 1 – Revised London Councils Risk Management Strategy & Framework – September 2016;
- Appendix 2 – Short guide to risk management;
- Appendix 3 – Guide to completing London Council's risk register.

Recommendations

That Audit Committee approves the revised Risk Management Strategy and Framework and guides

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Revised Risk Management Strategy & Framework

1. Background

1.1 London Councils approach to risk management was originally agreed in September 2004 by Elected Officers. The strategy and framework documentation was revised and approved in 2012 by the Audit Committee.

1.2 A recent internal audit on Risk Management (including business continuity) which reported in May 2016, recommended that the Strategy should be reviewed every three years. Management's response, as reported to Audit Committee in June 2016 was that it should be reviewed in 2016/17 and then periodically thereafter, as appropriate.

2. Current Position

2.1 A review has now been undertaken of all the risk documentation. The review was carried out based on an assessment of current practice against the existing strategy and the continued relevance of the staff guidance documents. London Councils subscribes to ALARM - the Public Risk Management Association – and their risk management toolkit was also used as part of the review.

2.2 The Strategy and Framework for Risk Management have been updated and revised to meet London Councils current needs and in recognition of the fact that risk management is embedded in the workings of the organisation. The revised documents with the proposed changes tracked, are attached as Appendices 1, 2 and 3, comprising the following elements;

- **Strategy**; what are we intending to achieve, what is our approach to risk, what is our risk appetite;
- **Framework**; how are we going to achieve what we set out in our strategy, how will we identify, score and manage risks, how often will the registers be reviewed, what are the roles and responsibilities' for Officers/groups within the organisation;
- **Short guide to risk management**; for general information & to develop general knowledge of risk management
- **Guide to completing London Councils risk register**; to assist staff in completing or reviewing a risk register, also offering alternative tools to assist in identifying risks.

3. Consultation

3.1 The revised Strategy and Framework and supplementary guides were discussed at the Corporate Governance Group meeting on 15 July 2016. Further comments were received following the meeting and were taken into account. The proposed updates were also presented to the Corporate Management Board on 16 August 2016 and the comments received have been taken into account in the Appendices attached to this report.

4. Risk Management Strategy – summary of changes

4.1 **Strategy and Framework**

- Inclusion of ALARM membership in the Introduction section (Page 1)
- Addition of risks relating to information management in the overall risk management framework (Page 2)
- Greater clarity of the difference between 'risks' and 'issues' (Page 4)
- Inclusion of a new section on 'Controls in Place' to differentiate between existing controls to mitigate against risk and 'Additional Controls' needed to improve mitigation, and itemising of specific examples of existing controls (Pages 6 -7)
- Emphasis on the need for individual officers to familiarise themselves with the staff guides (Appendices 2 and 3) (Page 10)

4.2 **Short Guide to Risk Management**

- Change to wording of first section 'What is Risk Management?' to help clarify the importance of risk management across the organisation (Page 1)
- Reduction of the examples in the 'What's the difference between a risk and an issue?' section (Page 1)
- Additional wording in the section 'Identifying and managing risks' to assist staff in the identification of risk' (Page 2)
- Change to wording of section 'Should I be using a formal risk register for my work?' to include reference to project management (Page 3)

4.3 **Guide to completing London Councils Risk Register**

- Inclusion of reference to Project Management section of the Intranet (Page 1)
- Removal of 'How do I define a risk?' section as this duplicates information in the **Short Guide to Risk Management** (Page 2)
- Change of heading from 'How do I score a risk?' to 'Risk Scoring' (Page 3)

5. **Communication**

The Guides, the Strategy and Framework and the current version of the corporate risk register will be made available on the intranet. While the proposed updates to the Strategy and Framework do not require staff to take any new action in terms of risk management, making this information accessible will raise awareness of the risk management process.

6. **Implications**

Equalities Implications for London Councils

There are no specific equalities implications arising from the recommendations, although when compiling the divisional and corporate risk registers, equalities issues may be identified and will be recorded, reported and managed as necessary.

Financial Implications for London Councils

There are no financial implications arising from this report.

Legal Implications for London Councils

There are no legal implications arising from this report.

7. Recommendations

7.1 The Audit Committee is asked to:

- Approve the revised risk management strategy and framework and guides.

Appendices:

- Appendix 1 – Revised London Councils Risk Management Strategy & Framework – August 2016;
- Appendix 2 – Short guide to risk management;
- Appendix 3 – Guide to completing London Council's risk register.

Appendix 1

LONDON COUNCILS
RISK MANAGEMENT STRATEGY & FRAMEWORK

Introduction and Purpose

Risk management is about managing threats and opportunities, and creating an environment where unexpected events do not render an organisation ineffective. By managing threats London Councils will be in a stronger position to deliver its priorities. By managing opportunities the organisation will be in a better position to provide improved services and better value for money.

When management of risk goes well it often remains unnoticed. When it fails, the consequences can be significant and high-profile. Any responsible organisation needs to avoid this – hence the need for effective risk management. A risk management strategy is an essential element of strategic planning and good performance management. In its business plan, London Councils sets out its high-level vision and priorities, these are cascaded through directorate and divisional business plans to actions devolved to individual staff through the appraisal process. The approach to risk management adopted by the organisation works alongside our business planning and performance processes to help ensure that the aims and objectives we set are met.

London Councils is a member of ALARM, The Public Risk Management Association, and the guidance of its risk management toolkit has also been incorporated into this framework

In terms of risk management, London Councils will:

- continue to embed risk management into the decision making processes of the organisation and bolster the organisation's resilience to risk
- encourage appropriate risk-taking, with a view to fostering an innovative approach to policy making and service delivery
- safeguard, enhance and promote London Councils reputation and the reputation of our stakeholders
- enable a flexible approach to risk management processes to make risk management effective for the ~~different types~~full spectrum of work undertaken across the organisation
- be accountable - our data will be open to review by the Audit Committee and our auditors and we will respond to the improvements they suggest.

This strategy describes the processes which integrate risk management into the work of the organisation. It describes the steps that are in place to identify, assess, address, review and report risks. Our strategy provides assurance for senior managers and Members that risks are being managed effectively. The strategy is supported by three stand alone elements:

- Risk management framework which defines our risk management processes, the frequency of review for our risk registers, the scoring mechanism used for assessing risks and the roles and responsibilities of Officers within that process
- Short guide to risk management, to assist all staff in the general understanding of risk management, the identification of risks and mitigating actions
- Guide to using a formal risk register, to assist all staff in understanding and using a formal risk register effectively in their own work and in the context of the whole organisation

The guides may be updated as and when required to reflect the needs of the organisation. The risk management strategy and framework can only be updated with the approval of the Corporate Management Board and London Councils Audit Committee.

Risk management at London Councils

London Councils has developed a formal risk management process for the management of intrinsic, long term and service delivery risks. Our framework outlines our processes for the identification of risks and regular review of our risk registers. The minimum timescales for reviewing our risk registers applies to all parts of the organisation but some directorates or divisions choose to exceed these requirements.

The framework includes a two tier system for risk registers. Each Directorate or division is required to maintain a risk register relating to their work. A corporate risk register is maintained by the Corporate Management Board, which includes risks of particular strategic importance, those which are particularly high profile or those which affect the efficiency of the organisation.

In addition to the risk registers, risk management is embedded into the workings of the organisation, particularly through the Member meeting process.

As a cross party, pan London organisation all our policy decisions are essentially risk based, determined by current circumstances, impact on London and the focus of our member Boroughs at a particular time. The risk appetite of our member organisations is a constant consideration and will always have a bearing on the policy direction taken by the organisation. These considerations can be seen within reports to Members which will often outline the case for focusing attention on a particular policy or a campaign on particular issues.

A number of these areas of work will appear on risk registers but equally, the decisions made are sometimes dynamic ones which do not benefit from consideration in a cyclical review timetable. Instead the intrinsic risks of policy work, such as ineffective lobbying, are noted within our registers and generic mitigating actions are listed which are then applied to all areas of Policy work.

In contrast, the risks related to the services which London Councils delivers on behalf of the Boroughs are recorded in far more detail in a risk register. These risks are far more specific, detailed and delivery focused than the risks identified for Policy work. They are consequently monitored more regularly as management considers that this approach enables the most effective management and mitigation of risks.

Risks relating to information management and security are identified and monitored through directorates' risk maps (or at divisional or team level if appropriate), and relevant actions taken to reduce the risks to a tolerable level. In addition the Senior Information Risk Owner (SIRO) will monitor relevant risks as part of the regular checks of information security procedures.

This flexible approach to risk management is implemented with the support of the senior management and Members, in acknowledgement of the type of risks and nature of the work undertaken by London Councils. In this way, our risk management strategy enables the diverse nature of the organisation to be accommodated within an effective approach to risk management which ultimately ensures that decisions are made pro-actively and with proper consideration of the nature of the risks involved.

What is acceptable risk?

Good risk management is about avoiding or minimising failure or loss but is also about dealing positively with opportunities. Good risk management encourages an organisation to think about undertaking potentially risky actions in order to maximise opportunities and result in improved outcome.

In terms of ~~Service~~ service provision, London Councils will look to mitigate the risk to the lowest possible level for both ~~Service~~ service users and the stakeholders for whom we provide~~s~~ the service taking into account the financial and resource impact of our mitigating actions. At the same time, the organisation has a commitment to supporting London local government and to assist in identifying innovative solutions and new approaches to service delivery, which is likely to carry a level of risk.

Where London Councils recognises a risk of damage to the organisation's reputation or the reputation of its stakeholders, it will seek to mitigate it to the lowest possible level taking into account the financial and resource impact of our mitigating actions.

The nature of London Councils work also means that sometimes~~,~~ the organisation will take on a high level of risk and the emphasis in these cases is being risk aware rather than risk averse. This is particularly true when it comes to 'opportunity risks' where the organisation will choose to promote a policy or support a course of action that may not have a high likelihood of success but which, if it did succeed, would bring significant gain.

It should also be recognised that on occasion, the organisation will run a campaign which is unlikely to achieve everything it argues for but the cause is too important to ignore and the action must be taken to promote the viewpoint of our stakeholders. In such cases, clarity on the organisation's objectives is essential to ensure appropriate mitigating actions are taken. The risk in such cases would not be the failure of a policy campaign but failing to ensure that stakeholders understand and support the tactics behind the activities. This is an intrinsic aspect of policy work in a political environment and fundamental to the success of the organisation in terms of determining risk appetite.

Decisions about managing risk, therefore, need to be made with a practical view of the amount of risk that can be accepted at a particular point in time. The acceptable amount of risk will vary according to the perceived importance of particular risks.

Risk Management – the framework

The key objectives of London Councils risk management framework are that the organisation has a clear and understood process for identifying, managing and monitoring risks. The framework provides a structured approach to the management of intrinsic, long term and service delivery risks, providing assurance that the organisation is able to function effectively and achieve its aims.

London Councils risk registers will contain, for each risk registered:

- The nature of the risk;
- The type of risk;
- The description of the risk, including the consequences if the risk is realised;
- The controls in place to prevent the risk being realised or contingencies are in place to deal with it if it is realised.
- The name of the risk owner;

- Scores for the likelihood, impact and combined rating for the risk before and after countermeasures are applied

The Corporate risk register will also include direction of travel arrows to indicate whether the level of the risk after controls has decreased, increased or remained the same.

Identifying risks

A 'risk' is something that may have an impact on the achievement of our priorities. It may come from outside the organisation, or may arise from shortcomings of our own systems and procedures. Risks will be assessed in terms of how likely they are and the magnitude of the consequences if they were to occur. Risk assessment seeks to answer ~~four~~ five simple related questions:

1. What can go wrong?
2. How bad could it be?
~~2.~~3. What controls are already in place?
~~3.~~4. Is there a need for additional action?
~~4.~~5. How often does it need control?

Advice on identifying and expressing risks can be found in the Short guide to risk management and the Guide to completing London Councils risk register.

The short guide makes the important distinction between 'risks' and 'issues'. Both risks and issues can impact on the work of teams: risks MAY occur and action can be taken to stop them happening or minimise their impact. Issues HAVE occurred and can't be stopped so decisions must be made about what to do in future to prevent or minimise risk of a recurrence.

The main types of risk that London Councils is likely to encounter are:

Risk	Definition
Compliance	Risk of failing to comply with statutory requirements.
External	Risks from changing public or government attitudes.
Financial	Risks arising from insufficient funding, losing monetary resources, spending, fraud or impropriety, or incurring unacceptable liabilities
Operational	Risks associated with the delivery of services to the public and boroughs arising, for example, from recruitment difficulties, diversion of staff to other duties, or IT failures, loss or inaccuracy of data systems or reported information
Project	Risks of specific projects missing deadlines or failing to meet stakeholder expectations.
Reputation	Risks from damage to the organisation's credibility and reputation.
London	Risks to our stakeholders that need to be taken into account in our planning and service provision
Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Contractual Risks	Risks related to the management of service contracts

Internal	Risks that relate to HR/People risks associated with employees, management and organisational development

Officers should note the difference between risks and issues. Risks MAY occur and you can put in place controls to stop that happening. Issues HAVE occurred and cannot be stopped so decisions must be made. The risk management process is focussed on issues that MAY occur.

Officers will identify risks applicable to their areas of work. Throughout the risk management process, the general rule of *escalation* will apply – if it cannot be managed satisfactorily at ~~your~~ its current level~~level~~, it needs to be passed up to the next level of management to be owned and addressed, and potentially placed on the directorate/divisional or corporate risk register. Officers may also decide that a separate risk register is required for an individual piece of work or project. This will be left to the discretion of individual Officers and their managers although guidance is available on the intranet and support is available from Corporate Governance. While project/team risk registers do not form part of the formal risk management process, Officers should follow the steps outlined in the framework to ensure consistency in our approach to risk across the organisation.

The decision on whether an individual risk should be included in the directorate or divisional risk register sits with the respective management teams. Decisions on risks to be included in the corporate risk register sits with the Corporate Management Board.

A 'risk owner' will be identified who will be responsible for reviewing and accepting the assessment that will be entered onto the risk register.

Assessing and scoring risks

To assess risks adequately London Councils will identify the *consequences* of a risk occurring and give each risk a score or *risk rating*.

A means of comparing risks is needed so that efforts can be concentrated on addressing those that are most important. Each risk will be given a score, depending on its likelihood and its impact, as shown below. A risk may meet some, or all, of a description of likelihood or impact. These descriptions provide guidance rather than a prescriptive formula for determining risk ratings. Scoring a risk is a judgement call based on knowledge, understanding and ~~informed guesswork~~prediction based on past experience.

Any risks which are both very likely to occur and will have a high impact are the ones that demand immediate attention.

Risk assessment			
Rating	**Likelihood**	**Impact**	**Rating**
Very High 4	**70% chance of occurrence** Almost certain (the risk is likely to occur within 6 months or at a frequent intervals). The event is expected to occur as there is a history of regular occurrence.	Huge financial loss; key deadlines missed or priorities unmet; very serious legal concerns (e.g. high risk of successful legal challenge, with substantial implications for London Councils); major impact on Boroughs or Londoners; loss of stakeholder public confidence.	*Very High 4*
High 3	**40% - 70% chance of occurrence** Probable, the risk is likely to occur	Major financial loss; need to renegotiate business plan priorities;	*High 3*

	more than once in the next 12 months. A reasonable possibility the event will occur as there is a history of frequent occurrence.	changes to some organisational practices due to legislative amendments; potentially serious legal implications (e.g. risk of successful legal challenge); significant impact on the Boroughs or Londoners; longer-term damage to reputation.	
Medium 2	**20% - 39% chance of occurrence** Possible, the risk may occur in the next 18 months. Not expected but there's a possibility it may occur as there is a history of casual occurrence.	Medium financial losses; reprioritising of services required; minor legal concerns raised; minor impact on the Boroughs or Londoners; short-term reputation damage.	*Medium 2*
Low 1	**<20% chance of occurrence** Rare, the risk may occur in exceptional circumstances.	Minimal financial losses; service delivery unaffected; no legal implications; unlikely to affect the Boroughs or Londoners; unlikely to damage reputation.	*Low 1*

Risk scores

Risk Assessment

Very High (4)	**4**	**8**	**12**	**16**
High (3)	**3**	**6**	**9**	**12**
Medium (2)	**2**	**4**	**6**	**8**
Low (1)	**1**	**2**	**3**	**4**
	Low (1)	**Medium (2)**	**High (3)**	**Very High (4)**

Impact

It is recognised that the scores at different levels of the register (project/team, directorate/ divisional, corporate) will reflect the importance of the risk in the context of the level of the register. For example, an individual officer's project register may reflect a high impact score on the project if an element is delivered late, but this will not necessarily correspond to a high impact on the organisation as a whole. This incremental approach to impact allows risks to be appropriately scored at each level to enable effective prioritisation of management and mitigation actions.

Controls in Place

For each risk a set of appropriate controls should be in place. Examples of controls might include:

- Regulations including Standing Orders, Financial Regulations
- Policies and Procedures
- Performance Indicators and reporting
- Business planning elements
- Staff (including training and development)
- Contracts with suppliers

- IT Systems
- Stakeholder involvement

~~Mitigating risks~~Additional Controls

As well as existing controls, the practical management of risk may involve additional mitigation if the existing controls do not adequately mitigate against the risk. In addressing risks, a proportionate response will be adopted – reducing risks to 'As Low a Level as is Reasonably Practicable' in the particular circumstances
(known as the ALARP approach).

In identifying actions to address a risk, at least one of the 4 T's; treat, transfer, tolerate or terminate should apply. In some areas of work eg services to external customers risks will need to be actively minimised, whereas other activities such as new business ventures, partnership arrangements may have an 'acceptable' element of risk commensurate with the work area.

Treat – treating the risk is the most common response, taking action to lessen the likelihood of the risk occurring. Treatment can also mean planning what you will do if the risk occurs, therefore minimising the impact. The purpose of 'treatment' is not necessarily to terminate the risk but, more likely, to establish a planned series of mitigating actions to contain the risk to an acceptable level.

Transfer – transferring the risk might include paying a third party to take it on or having an insurance policy in place. Contracting out a service might mitigate the risk but create new risks to be managed.

Tolerate – the ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In this instance, the only management action required is to 'watch' the risk to ensure that its likelihood or impact does not change. This is an acceptable response as long as the risk has been properly identified and toleration is agreed to be the best option. If new management options arise, it may become appropriate to treat this risk in the future. London Councils may choose to tolerate a high residual risk if the activity involves presents a significant, yet risky, opportunity for the organisation. This should be explained in the description of the countermeasures.

Terminate – by doing things differently, you remove the risk.

Reviewing the risk registers

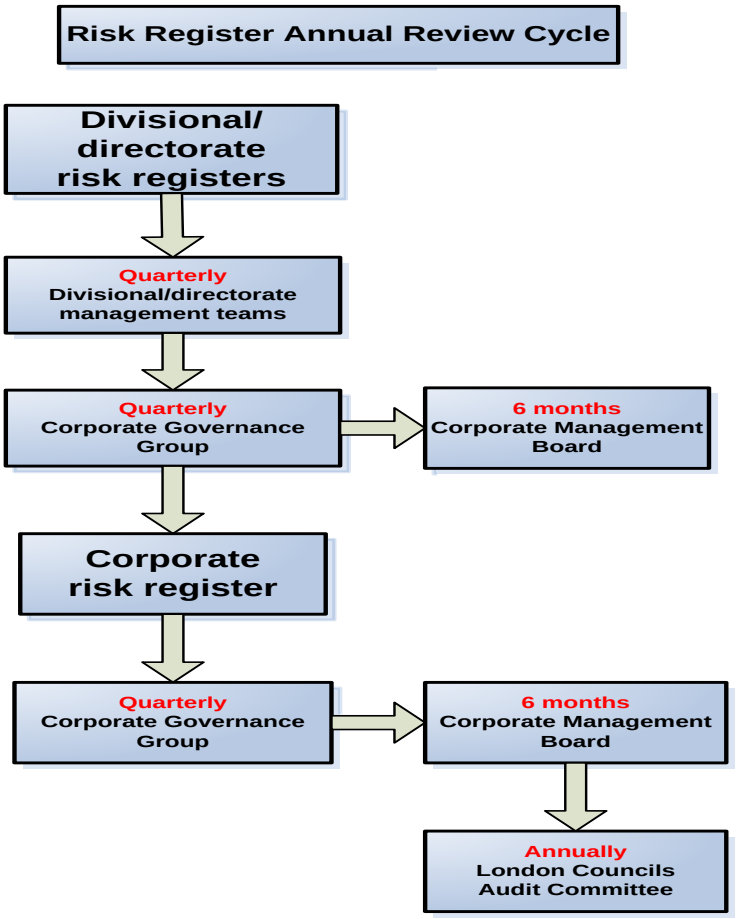
Risk management is a dynamic process – new risks will be identified, some will be terminated, contingency plans and countermeasures will need to be updated in response to changing internal and external events, and the assessment of likelihood and impact will need to be reviewed. The diagram below outlines review cycle for London Councils risk registers, including the minimum timescales for review of the risk registers. Officers may choose to review them more frequently.

The focus of the risk review cycle is on ensuring London Councils risk registers remain up to date and responsive to changing circumstances. It enables the organisation to identify and mitigate risks and maintain acceptable levels of residual risk, agreed through discussion. The purpose of review at each stage is to ensure that risks are identified, scored appropriately, that mitigating

actions are identified and implemented and that the organisation is willing to accept the level of residual risk left after mitigating actions have been implemented.

Questions which may be considered when reviewing the risk registers include;

- what evidence is there that risk assessments are accurate?
- what evidence is there that the ways of dealing with risks listed in the register are appropriate and have worked?
- are new risks being identified and dealt with as they arise?
- where risks have been realised, have contingencies worked?
- are the ways of dealing with risks listed in the register still appropriate?



Roles and responsibilities

The identification of risks is a continuous process and all staff have a part to play. This section details the particular roles and responsibilities of groups and individuals within the risk management framework.

Audit Committee will

- review and agree the processes for managing London Councils Risk Management Strategy & Framework;
- take responsibility for maintaining an overview of the risk management process at member level, and advising the Chief Executive of any concerns;

- receive an annual report from the Director, Corporate Governance on risk management, which will include the current versions of the directorate and corporate risk registers.

The Committee can request that the divisional/directorate registers are brought before them for consideration as and when required. They are currently being reviewed on a rolling programme, which means each will be reviewed in detail by the Committee approximately every eighteen months.

Corporate Management Board will

- review and agree the processes for managing risk in London Councils prior to approval being sought from the Audit Committee.
- note and comment on the divisional/directorate risk registers and approve the Corporate Risk Register every 6 months;
- take responsibility, either individually or collectively, for the management of the risks in the corporate risk register.
- take a lead on determining the risk appetite of the organisation

Directors will

- ensure risks are properly identified and assessed across all their teams, paying particular attention to cross-cutting risks;
- ensure managers are actively addressing risks and escalating them to director-level for their attention as appropriate;
- agree the risk register for their division or directorate;
- review their directorate or divisional risk registers at least quarterly by their respective management teams.

Directorate/divisional management teams will

- actively contribute to reviewing their respective risk registers at least quarterly;
- make recommendations for changes to the corporate risk register for consideration by the Corporate Governance Group;
- take primary responsibility for bringing risks forward from their respective teams as appropriate.

Corporate Governance Group will

- take a critical friend approach to the directorate/divisional risk registers when considering them quarterly;
- complete a full review of the corporate risk register each quarter and make recommendations on additions, deletions or changes to the risks for consideration by the Corporate Management Board.

Members of Corporate Governance Group will

- provide information on the significant changes in their respective registers and on emerging risks;
- take comments back to their management team for further discussion;
- advise their own divisional/directorate management teams on how new risks identified should be dealt with, and whether they need to be reported to the corporate governance group;

- disseminate general information about the risk management strategy and risk processes to their respective management teams.

Individual officers will

- take responsibility for raising risks associated with their own work to their managers (staff should read the **short guide to risk management** and the **Guide to Using London Councils' risk register**. ~~.~~

Risk Owners will

- be officers who can take effective action, for example, by being able to switch resources to tackle a risk or give agreement not to deliver other work of lower priority. If a risk owner finds that they cannot take such action, then the risk needs to be escalated to the next level;
- take responsibility for the quality of data recorded about the risk in the register;
- oversee the countermeasures that are in place, review the proposed contingencies and develop additional actions as required
- where there is a different individual nominated as the day-to-day manager of the risk, the risk owner will provide appropriate oversight.

In a few cases, it will be appropriate to have more than one risk owner. This may be where the activities originate in more than one area of the organisation or where mitigating actions fall in the area of responsibility of different divisions or directorates. In such cases, responsibility is shared equally and it is the responsibility of the officers identified as risk owners to ensure that all mitigating actions are carried out and that the risk is appropriately monitored.

Appendix 2

Short Guide to Risk Management

What is Risk Management?

Risk management is about identifying and assessing~~dealing with anything~~ the things ~~-~~that might stop us from effectively carrying out our work or ~~achieving something~~implementing a successful project. Risks ~~can arise from failing to capture~~are present in new ~~-~~opportunities as ~~well as from a threat that something bad will happen.~~much as existing functions, and London Councils has a risk management framework to help us manage risk across the organisation.

Some people may think that r~~R~~isk management is just ~~not~~ about filling in a risk register. That's only a small part of the management of risk. While ~~, that's just a way to help~~it is important to capture and evaluate risks, it's equally crucial to plan what you currently do, and plan to do, to reduce risk in your part of the business.
~~. It's about what you do in response to risks to make sure that you – and the organisation - achieves as much as possible.~~

Everyone needs to manage risk as part of their work, whether it's as simple as arranging for someone to cover your phone while you're at lunch or identifying and taking action to solve a serious problem that might damage London Councils reputation.

What's the difference between a risk and an issue?

Both risks and issues can impact on your work. Risks MAY occur and you can take action to stop ~~it~~ them happening or minimise their impact. Issues HAVE occurred and can't be stopped so decisions must be made about what to do in future to prevent or minimise risk of a recurrence. ~~An alternative definition is, *"if you can smell it, it's a risk. If you're in it, it's an issue."*~~

~~The value of risk management is preventing issues occurring or minimising their impact by preparing for them.~~

Read the following ~~9~~ 5 statements and decide if they are risks or issues! [1]

1. Part of the funding had to be withdrawn from the Project today
2. Insufficient resources available to undertake office tasks;
3. There is a danger that the IT system will not be implemented on time;
4. If the tender comes in over price, the Project may have to be reviewed;
5. Weather forecast next week is likely to affect the grass cutting;
~~6. The Directors secretary has left the Council. She needs to be replaced;~~
~~7. The Contractors have not turned up for work for the past three days;~~
~~8. If in-house IT services are outsourced, there could be possible strikes;~~
~~9. The Team Leader has lost the trust of his Head of Service.~~

Answers

1. Issue
2. Issue
3. Risk

[1] Description of the difference between risks and issues and the statement test courtesy of Swansea Council - http://www.swansea.gov.uk/index.cfm?articleid=38589

4. Risk
5. Risk
~~**6.** Issue~~
~~**7.** Issue~~
~~**8.** Risk~~
~~**9.** Issue~~

Identifying and managing risks

When assessing any risk associated with your work you'll need to think about the **cause** of the risk, the **type** of risk, a specific **description** of the risk, the **likelihood** of it happening and the **impact** if it happens. An example is~~You will probably be able to list a number of things that might impact on your work. If you want to start recording them as risks, try a sentence that includes if and then… The *if* is the risk, the *then* is the impact if it's not dealt with.~~

~~It's also helpful to think about the cause, the event and the resulting impact in the description. An example would be~~:

As a result of inadequate H&S policies or policy advice given to staff (cause),
there is an operational reputational (type) risk that there is a contravention of Health & Safety legislation (description),
which is likely within the next six months (likelihood) and may result in injury or litigation against London Councils (impact).

~~At the~~So at its most basic level the risk assessment asks you to answer the following questions~~it's~~: ~~about answering these questions:~~

1. What can go wrong?
~~1.~~2. How likely is it to happen?
3. How serious could it be?
~~2.~~4. What is in place to stop/minimise it at the moment?
5. Is there a need for additional action to reduce the risk?

Please be realistic about the risks which are in our control. For example as an organisation we have may limited chances to prevent events that render our offices unavailable, such as a terrorist attack or flood so these are not appropriate risks to include. We should, however, include 'failure to prepare effective business continuity plans' as this is within our control, so in this example this would be our response to an event that renders our building unavailable.

Once I've identified the risks (questions 1 to 3 above), what should I do?

The first step is to decide the current 'controls in place' in relation to your risk. These will vary depending on the type of risk, and may include (although this is not a complete list): IT systems; Regulations (including Standing Orders, Financial Regulations); policies and procedures; performance measures (PIs, contracts etc); staffing resources (including training and development).

You will then need to decide how you are going to further manage the risk. Your response should include at least one of the 4 T's: treat, transfer, tolerate or terminate.

Treat – treating the risk is the most common response, meaning you take action to lessen the likelihood of the risk occurring. Treatment can also mean planning what you will do if the risk occurs, therefore minimising the impact.

Transfer – transferring the risk might include paying a third party to take it on or having an insurance policy in place.

Tolerate – you might decide that the cost to deal with a risk (time and/or money) is too great, in which case you choose to tolerate the risk. This is an acceptable response as long as the risk has been properly identified and toleration is agreed to be the best option.

Terminate – by doing things differently, you remove the risk.

You will need to review your actions regularly to make sure they are still the best way of managing the risk. How regularly depends on the nature of you work and how fast circumstances can change.

What does a risk register look like?

It can take many forms but most often it is a table of information. You will find many variants which are slightly different but the principles should be the same. ~~There are also other methods for identifying risks which look more like a diagram or mind map.~~

If you would like to learn more about using London Councils formal risk register or some of the other tools, please read our separate guidance, ~~which includes diagrams and explanations,~~ including the scoring/evaluation tables we use for the our directorate and corporate risk registers.

Comment [DD1]:

Comment [DD2]:

Comment [DD3]: Link to be inserted here

Should I be using a formal risk register for my work?

That depends… projects should have a risk register of their own so if you're managing a project then yes, you should be using some form of risk register and it should be reviewed ~~very~~ regularly ~~to make sure it remains relevant to your work~~as part of the management of the project – see the project management tools section here).
~~Alternatively, you might choose to use the bow tie or butterfly method rather than a traditional risk register. It will depend on what works best for you.~~

Remember that risks in your day to day work might be better captured in a team risk register, if you have one, so everyone is aware of them. Any significant risks to your work should be fed through to the Directorate register (see below~~) – How risk is managed at London Councils)~~.

How is risk managed at London Councils?

We have a risk management strategy which has been approved by CMB and the Audit Committee. It outlines London Councils overall approach to risk, procedures for recording and monitoring risks and the roles and responsibilities of the people involved in the formal process. Our Corporate and Divisional/Directorate risk registers are saved on the K drive so they can be viewed at any time: Corporate Risk Register and Directorate Risk Registers.

As part of our formal processes, the Corporate Governance Group take responsibility for collating and monitoring our corporate and directorate risk registers. They are regularly updated and reviewed. ~~The Directorate leads for this are: Hugh Grover, PAPA; Elaine Hughes, Services; David Sanni & Andy Pitcairn, Corporate Resources; and Emily Salinger, Corporate Governance.~~ At least once a year, the Corporate Risk Register is discussed at the Audit Committee.

Where can I get some help?

If you need any advice, please contact ~~Emily Salinger in~~the Corporate Governance Team (emily.salinger@londoncouncils.gov.uk – 020 7934 9836).

Appendix 3

Guide to Completing London Councils Risk Register

This guide takes you through completing a formal risk register, based on the one used for the divisional, directorate and corporate risk registers at London Councils. If you prefer a more visual approach, try the butterfly and bow tie tools, which are at the end of this guidance. Please read this in conjunction with the Short Guide to Risk Management. Also note that if you are working on an agreed project, your documentation will include a risk register separate from the register below. More details in this are contained in the Project management framework section of the Intranet.

What does London Councils risk register look like?

It is a table of information. Below are a few extracts from London Councils divisional/directorate risk registers with an explanation in the first row:

No	Risk	Type	Description	Score without controls		Rating	Controls in place	Owner	Score after controls		Rating
				L	I				L	I	
Risk ref no. here	***Describe the overall risk***	***Describe the type of risk (Financial, Reputational, Operational, External)***	***Describe the specific outcome if the risk occurred***	***Like liho od***	***Imp act***	***See scoring chart below***	***Describe existing controls and any planned additional controls***	***The member/s of staff directly responsible***	***Like liho od***	***Imp act***	***See scoring chart below***
1	Failure to negotiate Freedom Pass settlement with transport operators by 31 December 2011	Reputation Financial	Statutory default scheme kicks in (which would be more expensive for boroughs and would impact on London Councils reputation)	3	3	**9**	Ongoing discussions with TfL over the deal and on production of data.	Stephen Benton, Programme Director (Transport & Mobility)	2	3	**6**
2	Insufficient disaster recovery for IT systems	Operational Reputation	A complete IT failure - system unable to be restored	4	3	**12**	Off site server allows partial immediate restoration; residual controls to permit full restoration being explored	Steve Davis, Head of Administration & ICT	1	2	**2**
3	Ineffective operational HR service from City of London	Operational Reputation	Recruitment not timely and mistakes made, perceptions of London Councils as a potential employer is poor; payroll issues not resolved	2	2	**4**	HR Business Partner for London Councils in place; weekly update meetings between the HR Business Partner/Director of Corporate Governance and Head of Budgetary Control and	Christiane Jenkins, Programme Director, Corporate Governance	1	1	**1**

			in timely fashion; training delivered is of poor quality				Procurement. Also, quarterly meetings to review the SLA with Senior Management at the City Corporation				
4	Ineffective lobbying	External Reputation	Boroughs would not get to influence pan-London decisions	3	2	**6**	Public affairs team and priorities in place; introducing public affairs training and better use of stakeholder databases	PAPA Management Team	1	2	**2**

London Councils current risk registers can be found here: **K:\Risk Management**

~~**How do I define a risk?**~~

~~First of all, have a look at your team or directorate risk register and check whether the risk you want to map is included. You'll need to discuss any inclusions with the person responsible for the risk register.~~

~~Also, before progressing please be realistic about the risks which are in our control, for example as an organisation we have may limited chances to prevent events that render our offices unavailable, such as a terrorist attack or flood so these are not appropriate risks to include. We should, however, include 'failure to prepare effective business continuity plans' as this is within our control and would be our response to an event that renders our building unavailable.~~

~~When assessing any risk associated with your work you'll need to think about the **cause** of the risk, the **type** of risk, a specific **description** of the risk, the **likelihood** of it happening and the **impact** if it happens.~~

~~**What type of risk is it?**~~**Type**

London Councils has agreed a list of the types of risk which are used in all our risk registers:

Risk	Definition
Compliance	Risk of failing to comply with statutory requirements.
External	Risks from changing public or government attitudes.
Financial	Risks arising from insufficient funding, losing monetary resources, spending, fraud or impropriety, or incurring unacceptable liabilities
Operational	Risks associated with the delivery of services to the public and boroughs arising, for example, from recruitment difficulties, diversion of staff to other duties, or IT failures, loss or inaccuracy of data systems or reported information
Project	Risks of specific projects missing deadlines or failing to meet stakeholder expectations.
Reputation	Risks from damage to the organisation's credibility and reputation.
London	Risks to our stakeholders that need to be taken into account in our planning and service provision

Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Contractual Risks	Risks related to the management of service contracts
Internal	Risks that relate to HR/People risks associated with employees, management and organisational development

~~This categorisation helps management understand the context of the risk and the nature of the potential consequences.~~ Each risk is likely to come into more than one category and you should list all that apply, preferably in order of importance.

For example, the risk around IT disaster recovery is clearly an operational risk as without IT the organisation will be unable to operate. It is also a reputation risk because being unable to manage this risk and/or being unable to operate will undoubtedly reduce our reputation in the eyes of our stakeholders and service users, and is likely to create adverse publicity which would further damage our reputation.

~~How do I score a risk?~~Risk scoring

Scoring a risk is all about making judgements on how likely the risk is to occur and what the impact would be, if it were to occur. Firstly, you need to think about what would happen if you took no action to try and prevent the risk occurring. It is usually best to adopt a worst case scenario starting point. Ultimately the decision will come down to educated guesswork, backed up wherever possible with knowledge and understanding of what has happened in similar situations in the past and the nature of the threat in the future.

The impact rating is often measured in financial terms but this is not the only significant consideration for London Councils. Much of our success rests on our reputation as a clear, valid voice representing local government in London. As an organisation, we exist to represent our stakeholders so the risk of damage to our relationship with them or damage to our credibility must be taken very seriously.

The table below lists the descriptions London Councils uses for rating likelihood and impact.

Risk assessment			
Rating	**Likelihood**	**Impact**	**Rating**
Very High 4	**70% chance of occurrence** Almost certain (the risk is likely to occur within 6 months or at a frequent intervals). The event is expected to occur as there is a history of regular occurrence.	Huge financial loss; key deadlines missed or priorities unmet; very serious legal concerns (e.g. high risk of successful legal challenge, with substantial implications for London Councils); major impact on Boroughs or Londoners; loss of stakeholder public confidence.	***Very High 4***
High 3	**40% - 70% chance of occurrence** Probable, the risk is likely to occur more than once in the next 12 months. A reasonable possibility the event will occur as there is a history of frequent occurrence.	Major financial loss; need to renegotiate business plan priorities; changes to some organisational practices due to legislative amendments; potentially serious legal implications (e.g. risk of successful legal challenge);significant impact on the Boroughs or Londoners; longer-term damage to reputation.	***High 3***
Medium	**20% - 39% chance of occurrence**	Medium financial losses; reprioritising of services required;	***Medium***

2	Possible, the risk may occur in the next 18 months. Not expected but there's a possibility it may occur as there is a history of casual occurrence.	minor legal concerns raised; minor impact on the Boroughs or Londoners; short-term reputation damage.	***2***
Low 1	**<20% chance of occurrence** Rare, the risk may occur in exceptional circumstances.	Minimal financial losses; service delivery unaffected; no legal implications; unlikely to affect the Boroughs or Londoners; unlikely to damage reputation.	***Low 1***

It can be difficult to use classifications like this because issues are rarely clear cut. These descriptions are for guidance rather than being prescriptive. Go with your instinct and ask your colleagues to challenge your decisions. Once you have decided what your impact and likelihood ratings are, they can be translated into scores. The risk register records the scores for likelihood and impact and then the overall risk rating, as calculated in the table below. The colours allow us to quickly identify particularly high scoring risks within the registers.

Risk Assessment

Likelihood				
Very High (4)	4	8	12	16
High (3)	**3**	**6**	**9**	**12**
Medium (2)	**2**	**4**	**6**	**8**
Low (1)	**1**	**2**	**3**	**4**
	Low (1)	**Medium (2)**	**High (3)**	**Very High (4)**

Impact

What are 'controls in place'?

'Controls in place' are the actions you already have in place to guard against the risk happening, and any additional plan you have to further reduce the likelihood and impact of a risk occurring. You need to decide how you are going to manage the risk, thinking about what additional actions are needed to mitigate the risk to an acceptable level,

Your response should include at least one of the 4 T's: treat, transfer, tolerate or terminate.

Treat – treating the risk is the most common response, meaning you take action to lessen the likelihood of the risk occurring. Treatment can also mean planning what you will do if the risk occurs, therefore minimising the impact.

Transfer – transferring the risk might include paying a third party to take it on or having an insurance policy in place.

Tolerate – you might decide that the cost to deal with a risk (time and/or money) is too great, in which case you choose to tolerate the risk. This is an acceptable response as long as the risk has been properly identified and toleration is agreed to be the best option.

Terminate – by doing things differently, you remove the risk.

When you are deciding on these actions, you need to take into account the financial and resource impact and be realistic about what you are able to do. For example, you could argue that spending £100,000 might terminate a risk completely, but if spending £10,000 reduces the likelihood by 90%, you may well decide that is a more appropriate option and you choose to tolerate the 10% risk that remains. You will need to think about the level of risk that the organisation is willing to accept and you should discuss this with your manager to make sure you are both clear about the level of risk you are willing to tolerate.

You will also need to review your actions regularly to make sure they are still the best way of managing the risk. How regularly depends on the nature of your work and how fast circumstances can change.

In our risk register, you should fill in the **Controls in place** column by describing the actions you already have and those additional actions you have decided to take. Where appropriate, you can include information about actions which have been completed and those planned for the future.

Scoring again?

Once you have decided what actions you will take to control the risk, you need to go through the scoring process again to determine what the likelihood and impact of the risk will be after your actions are in place. In an ideal word, you actions will reduce both the likelihood and impact scores. Sometimes this is not possible and the actions will only reduce one or other score. These scores go into the **scores with controls** columns.

Who is the risk owner?

Each risk will be assigned one of more risk owners. This may be you or it may be a more senior manager. The risk owner needs to be someone who can take effective action, for example, by being able to switch resources to tackle a risk or give agreement not to deliver other work of lower priority. If a risk owner finds that they cannot take such action, then the risk needs to be escalated to the next level.

The risk owner has responsibility for the quality of the information in the risk register and for making sure that the countermeasures are in place. Sometimes, there will be more than one risk owner. This may be where the activities originate in more than one area of the organisation or where mitigating actions fall in the area of responsibility of different divisions or directorates. In such cases, responsibility is shared equally and it is the responsibility of the officers identified as risk owners to ensure that all mitigating actions are carried out and that the risk is appropriately monitored.

Within the risk register, the **risk owner** should be listed as a name and job title of the responsible officer or as the group or board which has agreed to take collective responsibility.

Reviewing a risk register and challenging the entries

Risk registers are best validated by groups of people challenging the information and assumptions within them. The purpose of review is to ensure that all relevant risks are identified, scored appropriately, that mitigating actions are identified and implemented and that the organisation

is willing to accept the level of residual risk left after mitigating actions have been implemented. Questions which may be considered when reviewing the risk registers include:

- what evidence is there that risk assessments are accurate?
- what evidence is there that the ways of dealing with risks listed in the register are appropriate and have worked?
- are new risks being identified and dealt with as they arise?
- where risks have been realised, have contingencies worked?
- are the ways of dealing with risks listed in the register still appropriate?

If you would like to practice, consider this sentence: "Lack of research funding could lead to reduction in quality of research output." What could you ask about it?

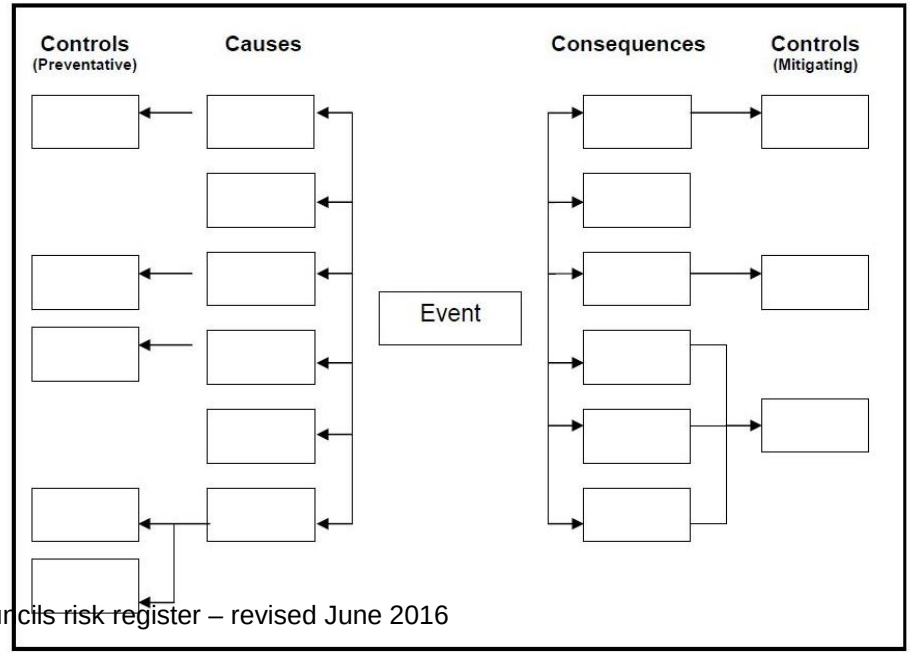
- Is it a complete or partial lack of funds?
- Is the funding from one or more sources?
- Wouldn't lack of funding lead to a drop in quantity not quality? Or is it both?

What if I don't like the risk register format?

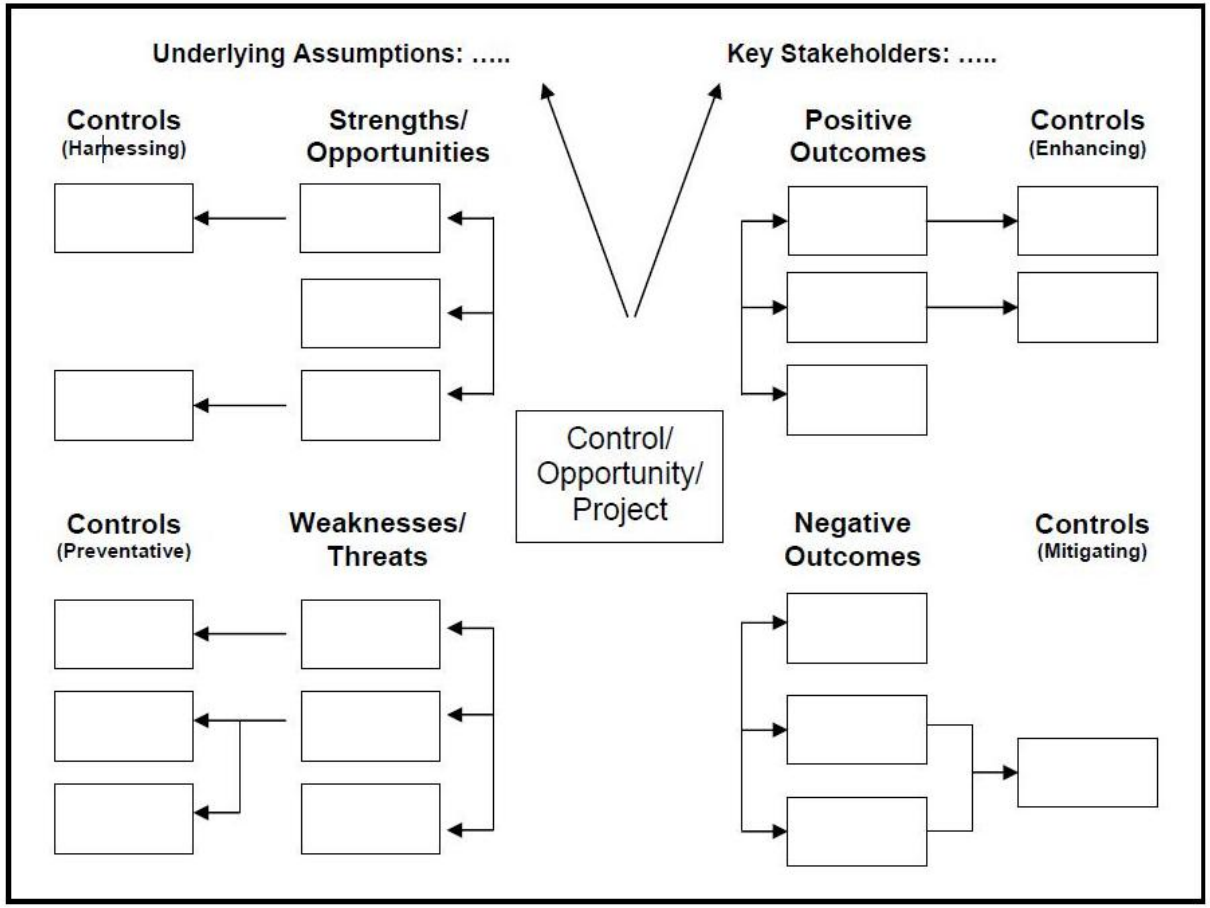
London Councils has agreed to use this risk register format for the divisional/directorate and corporate risk registers. If you need to contribute to those registers, you will need to use this format.

There are, however, other tools that you might like to use to help identify, assess and manage risks. Below are the butterfly and the bow tie, which are both more visual ways of prompting thinking about risk, yet still prompt you to consider the issues discussed above. The Bow Tie and Butterfly can also be used quite effectively to capture lessons learned at the end of projects.

The Bow Tie is probably best suited to process type work, contract management and service delivery:



The Butterfly is probably best suited to policy work and for considering new opportunities in policy and Services:



Where can I get some help?

If you need any advice on risk management, please contact Emily Salinger in Corporate Governance, ext. 9836.

Audit Committee

Business Continuity Plan (BCP) Item no: 08

Report by:	Frank Smith	**Job title:**	Director of Corporate Resources
Date:	22 September 2016		
Contact Officer:	Roy Stanley		
Telephone:	020 7934 9799	**Email:**	roy.stanley@londoncouncils.gov.uk

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Summary

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

Recommendations

The Audit Committee is asked:

- to note and comment on the revised Business Continuity Plan which can be found at Appendix 1 of this report; and
- to note and comment on the position on controls and testing of the plan on page 62 to 63 of (Appendix A) of the BCP report

---

Introduction

1. The last version of the Business Continuity Plan was presented to CMB back in 2012 and was essentially in place to cover the organisation during the London 2012 Olympics period and throughout the 59½ Southwark Street refurbishments during 2012/13.

2. Since then the technical landscape and model of the organisation has been changing so revisions and amendments to this plan were put in place that did not require CMB or organisational sign off.

3. In 2015, the concept of how the BCP would look like was considered and consulted on with the management team, staff and tenants concluding in the draft version 2.3 which was presented to Corporate Management Board on 15 February 2016. The final version was signed off by the Chief Executive and published on 21 April 2016 and is available to all staff on London Councils' intranet site.

Principle changes in Version 3.0

- This version introduces the concept of **Gold**, **Silver** and **Bronze** response teams with named and specific responsibilities and tasks linked to those teams and individuals within the organisation

- Clearer Business Impact Analysis tables by service that can be used as a guide by the services affected

- Some example scenario and risks identified with recommended actions

- Clearer contact details for third party and system owners outside the organisation

- London Tribunals is included in the plan as regards staff working out of 59½ Southwark Street or their connectivity to the London Councils ICT systems and mobiles from Chancery Exchange. A separate plan would be called on to support their full systems and procedural activities at Chancery Exchange

- London CIV and London ADASS are also included in the plan as tenants in 59½ Southwark Street however they do hold an additional plans to cover their off-site systems and processes

- Quarterly testing timetable conducted with the business and our ICT partners

Conclusion

Prior to sign-off, the plan was peer-reviewed by partners in the City of London Corporation and reviewed by the City of London Corporation Internal Audit Division in March 2016. This review did not reveal any significant control weaknesses.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix 1: Business Continuity Plan v 3.0

Background Papers

City of London Internal Audit outcomes of BCP, dated 17 March 2016

Business Continuity Plan

July 2016

This document can be reproduced in black & white

VERSION CONTROL

Plan Author:	Roy Stanley
Version:	3.1
Original Date Issued:	April 2016
Version review date:	July 2016 (updates from version 3.0)
Next plan review:	October 2016

Management Sign-Off

Chief Executive : Tom O'Brien

Date : 21st April 2016

N.B

An updated physical sign off is only required should the plan format rather than section data details change

London Tribunals

London Councils
59½ Southwark Street
London
SE1 0AL

London Tribunals
Chancery Exchange
10 Furnival Street
London
EC4A 1AB

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1 PLAN MANAGEMENT

1.1 Document Purpose

The purpose of this document is to provide managers and staff with up to date information and step-by-step guidance on how best to respond to a range of disruptive situations that would, if not addressed, lead to the failure of the service.

Disaster recovery is the process by which you resume business after a disruptive event. The event might be something like a fire or water that damages the building or something small like malfunctioning software caused by a computer virus. Business continuity is a more comprehensive approach to making sure you can keep the business going, not only after a natural calamity but also in the event of smaller disruptions including illness or departure of key staff, supply chain partner problems or other challenges that organisations such as ours may face from time to time.

The plan contains details of Directorate key functions, staff, resources and essential contact numbers for use in a situation likely to disrupt business. The Plan is intended as a guide to provide a basis for informed decision-making in dealing with a range of abnormal situations.

1.2 Objectives

- To identify the Key Contacts during an emergency
- To define and priortise the Critical Functions of the business
- To analyse the emergency risks of the business
- To detail the agreed response to an emergency

1.3 Review and Change Control

Detail of all reviews made even if the document is not amended.

Version	Revised by	Date	Comments
V1.0	Roy Stanley	20/08/2013	Cascades updated
V2.0	Roy Stanley	02/10/2014	First full review (draft)
V2.1	Roy Stanley	19/01/2015	Second version draft for consultation
V2.2	Roy Stanley	12/10/2015	Draft 2.2 with minor revisions
V2.3	Roy Stanley	11/01/2016	Major revision for consultation with the business
V3.0	Roy Stanley	06/04/2016	Final version to CMB
V3.1	Roy Stanley	18/07/1016	Quarter 1 testing included

1.4 Scenario Testing

The Business Continuity plan will be tested in the form of scenarios highlighted throughout the Plan. The timetable in Appendix A will be used to programme the testing and as a guide to results and follow-ups.

1.5 Maintenance of the Plan

Overall responsibility for this plan is with Roy Stanley who has been designated overall **Core Plan Owner**. The Deputy Core Plan Owner is Frank Smith. They will work with the **Silver Team** (those identified in section 3.3 who will ensure the plan is regularly tested and maintained. They will establish a continuity culture amongst staff and ensure they are aware of their responsibilities in a disruption.

The Silver Team are also responsible for maintaining and amending any local plans relating to their own services and accessing documentation and services outside of this plan (eg. paper files and documents). The Silver Team and designated members of the **Bronze Team** will work with the Core Plan Owner to test and update the plan at intervals determined in Appendix A.

1.6 Contact List Data Maintenance team

It is the responsibility of the PA / Support Services Group members for each division below to ensure that they hold an up-to-date list of all staff within their divisions along with their out-of-hours contact details, which is accessible from home. This is to be obtained directly from the staff concerned explaining that it is required for emergency use only. By providing their details they are giving you consent to hold it and use it. They will make this information available to the manager of the staff in their direct control and would be responsible to ensure that in that managers' absence the Silver Team member is aware and the contact list made available to them in the event of an incident.

Only the full contact details of the Gold and Silver Teams will be available in this plan, others will be held by the relevant PA / Support Services Group members and their individual Managers;

CHX and Political Advisors:- [redacted]@londoncouncils.gov.uk

Finance & Resources:- [redacted]@londoncouncils.gov.uk

Governance & HR:- [redacted]@londoncouncils.gov.uk

PaPA Division:- [redacted]@londoncouncils.gov.uk

Services & London Tribunals :- [redacted]@londoncouncils.gov.uk

London CIV:- [redacted]@londonciv.org.uk

Individual line managers will be responsible for holding their own staff contact details and for communicating information and message from the Silver or Gold teams as part of the cascade. This would be in addition to any corporate communication sent by the Director of Communications and their team via the phone message (appendix D) or through the London Councils Intranet if assessable.

1.7 London Tribunals

London Councils staff working out of the London Tribunals offices in Chancery Exchange and on London Tribunals ICT systems will refer to the Northgate BCP plan when an incident is triggered at Chancery Exchange, a copy of which can be found on the London Councils Remote Desktop Service Portal (see section 6.1 on how to access this portal). Emergency contact details for Northgate Public Sector can be found in section 8.1.

1.8 Critical Systems and Associated RTO

As part of the business continuity process and following an incident how the ICT systems are restored and the RTO (recovery time objective) is approached is a critical and functional part of the recovery process.

The RTO is the duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with the break in business continuity. It can include the time for trying to fix the problem without a recovery, the recovery itself, testing and the communication to the users.

The RTO is established and works alongside the Business Impact Analysis (Section 4) and will be addressed by the ICT & Facilities Manager in conjunction with the City of London ICT client and Agilisys partners in relation to our in-house ICT services and with individual service leads for applications directly held with external providers.

Please refer to the separate '**Business Continuity - Critical Systems and Associated RTO'** document on the London Councils Remote Desktop Service Portal for more information (see section 6.1 on how to access this portal).

1.9 Associated Documentation

There are additional documents that can be referenced in addition to the main plan. Each document can be found on the London Councils Remote Desktop Service Portal (see section 6.1 on how to access this portal);

- ***59 ½ Southwark Street Emergency Procedures***
- ***London Councils Critical Systems and Associated RTO***
- ***Northgate's Chancery Exchange Business Continuity Plan***
- ***Chancery Exchange - Emergency Plan***

2 CRITICAL FUNCTION PRIORITY LIST

The list below can be used as a quick guide during an emergency or incident to assist decision making when compiling an action plan as to which London Councils functions need to be reinstated on day one. The lead officers noted below are also members of the Silver Team;

BCF **Business Critical Function**
A business critical function affecting all services delivered by London Councils. If the service is not available the whole of the service delivered by the organisation will be affected. Therefore high priority should be given on the first day to ensure these services are able to continue in the event of an emergency or incident

S **Services provided by London Councils**
These individual services need to be available to continue to offer services to our clients and members. The loss of one of these Services however, does not seriously impact the delivery of services to other parts of the organisation so can be reinstated and managed independently. See section 4.4 for details;

Priority	Critical Function	Lead Officer	Deputy
BCF	Chief Executives Office	[redacted]	[redacted]
BCF	Human Resources	[redacted]	[redacted]
BCF	Finance - Payments	[redacted]	[redacted]
BCF	Facilities - Building Access Southwark Street	[redacted]	[redacted]
BCF	Facilities - Building Access Chancery Exchange	[redacted]	[redacted]
BCF	ICT - Data & Voice Services	[redacted]	[redacted]
BCF	Communications - Staff and External Comms	[redacted]	[redacted]
BCF	Communications - Websites	[redacted]	[redacted]
S	PaPA - All Policy Teams	[redacted]	[redacted]
S	Services - Freedom Pass	[redacted]	[redacted]
S	Services - Taxi Card	[redacted]	[redacted]
S	Services - London Tribunals	[redacted]	[redacted]
S	Services - London Lorry Control Scheme	[redacted]	[redacted]
S	Services - HEB	[redacted]	[redacted]
S	Services - Parking and Traffic	[redacted]	[redacted]
S	Services - LEPT	[redacted]	[redacted]
S	Services - Grants & London Care Services	[redacted]	[redacted]
S	Services - Capital Ambition	[redacted]	[redacted]
S	Services - Young Peoples Education & Skills	[redacted]	[redacted]

Priority	Critical Function	Lead Officer	Deputy
S	Governance - FoI & Complaints	[redacted]	[redacted]
S	Governance - Regional Employers Organisation	[redacted]	[redacted]
S	Facilities - Meeting Room Bookings	[redacted]	[redacted]
S	Tenant - London CIV	[redacted]	[redacted]

These Lead Officers and their deputies (as part of their **Silver Team** duties), will also have outlined key tasks in order of priority in their own areas and these are outlined in Section 4 – **Business Impact Analysis** in addition to formulating and holding any additional restoration plans local to their service areas. These additional plans including the Core BCP Plan, should be made available to the Core Plan Owner and will be located on the London Councils Secure RDS portal (see Section 6.1 on how to access this portal). This can be in any format you deem suitable to work with for your service area.

3 ROLES AND RESPONSIBILITIES

3.1 Gold, Silver and Bronze Team Definitions

If an incident occurs the Gold Team will manage business continuity. The **Gold Team** members available or who have triggered the incident will make contact with other Gold members where necessary. They will be designated the '**Business Continuity Team**' and shall communicate together or meet to immediately appoint an Incident Manager where appropriate for that particular incident based on their specialism and knowledge required. This could also be the police or special services depending on the type of incident. They will then take overall charge of the incident management.

The Gold Team will relocate to the Chief Executive's Office at 59½ Southwark Street unless the location is affected by the incident. If 59½ Southwark Street is unavailable then the Gold Team will convene in the main meeting room at London Tribunals offices in Chancery Exchange (see appendix M for map and address).

The necessary financial resource, procedure and authority should be in place to allow purchasing of equipment or services as part of the continuity arrangements if they need be implemented and this should be organised via the Silver Team finance lead or finance member in the Bronze team. The Gold Team will always keep overall control of the budgets and spend.

The Gold Team will determine whether the incident can be managed locally and if not, the extent of assistance requires from the City of London, emergency services and any partner organisations. The Gold Team will review whether the incident will last longer than two weeks and if so, will determine plans for extending the business continuity plan.

The Silver Team consists of people who have been allocated specific responsibilities by the Gold Team or Incident Manager to deal with the various phases: incident management, damage assessment and service restoration in their specific service area.

The Silver Team will provide support and expertise to enable London Councils to resume services in their specific areas as soon as practicable and in the case of staff be able to instigate emergency actions and reassign resource to priority services.

The Bronze Team members specific to the service areas affected by the incident have the responsibility of liaising with the Silver Team to restore priority services as quickly as possible. Other members of staff can be drafted into the Bronze Team as and when necessary.

3.2 The Gold Team

Overall authority for any emergency and directing the **Silver Team**.

The Gold Team is led by the Chief Executive who will be responsible for invoking the plan when any major disruption to all business processes occurs. In the event of the Chief Executive being unavailable at the time of the event, responsibility will fall to **Frank Smith**, Director of Finance and Resources, who has been determined as deputising for any absence period;

John O'Brien
Chief Executive
Office: 020 7934 9575
Mobile: [redacted]
Email: [redacted]

Frank Smith
Director of Corporate Resources
Office: 020 7934 9700
Mobile: [redacted]
Email: [redacted]

Christiane Jenkins
Director of Corporate Governance
Office: 020 7934 9540
Mobile: [redacted]
Email: [redacted]

Dick Sorabji
Corporate Director, PaPA
Office: 020 7934 9761
Mobile: [redacted]
Email: [redacted]

Nick Lester-Davis
Corporate Director, Services
Office: 020 7934 9905
Mobile: [redacted]
Email: [redacted]

Jim Odling-Smee
Director of Communications
Office: 020 7934 9942
Mobile: [redacted]
Email: [redacted]

Spencer Palmer
Director of Transport & Mobility
Office: 020 7934 9908
Mobile: [redacted]
Email: [redacted]

3.3 The Silver Team

With responsibility for co-ordinating activities across the organisation for their specific service area or area designated by the Incident manager and to direct the Bronze Team. They will also be responsible for passing regular reports to the Gold Team;

ICT & Facilities
Core Plan Owner and lead ICT contact (data and telephony)
Roy Stanley
Office: 020 7934 9799
Mobile: [redacted]
Email: [redacted]

Chief Executives Office
Co-ordinating all activities and messages for the CHX Office, Members and Advisors
Barbara Salmon
Office: 020 7934 9509
Mobile: [redacted]
Email: [redacted]

Human Resources Issues
Co-ordinating HR activities, messages and liaison with all CoL HR Services
[redacted]
Office: 020 7332 1932
Mobile: [redacted]
Email: [redacted]

Finance / Accounting Issues
Co-ordinating any financial, payment activities and CoL financial services
David Sanni
Office: 020 7934 9704
Mobile: [redacted]
Email: [redacted]

Transport and Mobility
Co-ordinating any Freedom Pass, Taxi Card, Lorry Control, LePT and London Tribunals activities and messages

Stephen Boon (Southwark Street)
Office: 020 7934 9908
Mobile: [redacted]
Email:

[redacted] **(Chancery Exchange)**
Office: 020 7530 7203
Mobile: [redacted]
Email: [redacted]

Silver Team continued …..

Grants and Community Services

Co-ordinating any grant activities, messages and liaison with voluntary stakeholders

Simon Courage

Office: 020 7934 9901
Mobile: [redacted]
Email: [redacted]

PaPA Division

Co-ordinating all PaPA Policy activities, messages and stakeholders

Doug Flight

Office: 020 7934 9805
Mobile: [redacted]
Email: [redacted]

London CIV

Co-ordinating all activities for the London CIV team and financial partners

[redacted]

Office: 020 7934 9942
Mobile: [redacted]
Email: [redacted]

3.4 Bronze Teams

With responsibility for the immediate and local management of emergencies.
Team contact details are below, individual member contact details will be held with that individuals line manager. See appendix E for Emergency Communications matrix structure charts and current line reports).

All locations refer to 59 ½ Southwark Street unless otherwise stated;

Building, Facilities & Room Bookings

Location: Ground Floor West
Team No: 020 7934 9717
Team Mailbox: room.bookings@londoncouncils.gov.uk
Contacts: - [redacted] - [redacted]
- [redacted] - [redacted]

ICT & Telephony

Location: Ground Floor West
Team No: 020 7332 1001
Team Mailbox: CoL IS ServiceDesk - col.isservicedesk@cityoflondon.gov.uk
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- Agilisys ICT Service Desk (based in the CoL Guildhall)

Bronze Team continued …..

Finance

Location: Ground Floor West
Team No: 020 7 934 9723
Team Mailbox: accounts@londoncouncils.gov.uk
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk

London CIV

Location: Ground Floor East
Team No: 020 7 934 9851
Contacts: - [redacted] [redacted]@londonciv.org.uk

CHX & Political Advisors

Location: 1st Floor East
Team No: 020 7 934 9504
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk

YPES & Capital Ambition

Location: 2nd Floor West
Team No: 020 7 934 9779
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk

Grants Teams & London Care Services

Location: 2nd Floor West
Team No: 020 7 934 9938
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk

Transport & Mobility

Location: 2nd Floor East & Furnival Street
Team No: 020 7 934 9791
Team Mailbox: freedompassadmin@londoncouncils.gov.uk
taxi.card@londoncouncils.gov.uk
lorry.control@londoncouncils.gov.uk
Contacts: - [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] [redacted]@londoncouncils.gov.uk
- [redacted] (Chancery Exchange) [redacted]@londontribunals.gov.uk

Bronze Team continued …..

Communications

Location: 3rd Floor West
Team No: 020 7 934 9989
Team Mailbox: lcpress@londoncouncils.gov.uk
Contacts:
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk

Policy & Public Affairs (PaPA)

Location: 3rd Floor East
Team No: 020 7 934 9989
Contacts:
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted] (LondonADASS) [redacted]@londonadass.org.uk
- [redacted] (Association of Directors of Public Health - London [redacted]@adphlondon.org.uk

Human Resources

Location: 4th Floor West
Team No: 020 7 934 9814
Team Mailbox: colTrentHRteam@cityoflondon.gov.uk
Contacts:
- [redacted] (HR Manager - CoL) [redacted]@cityoflondon.gov.uk
- [redacted]@londoncouncils.gov.uk

Corporate Governance

Location: 4th Floor West
Team No: 020 7 934 9814
Contacts:
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk
- [redacted]@londoncouncils.gov.uk

3.5 Communications

When an event results in the office being closed to staff and which could result in enquiries from the press staff are not to communicate to the media. All communications with the media will be via the Director of Communications or the Silver and Bronze Team communications contacts.

In the event of a major incident if considered appropriate, a notice will be placed on the London Councils website advising our customers. The release of information should be positive in nature and emphasise the action being taken to recover a normal situation. Regular staff updates can also be obtained from the emergency numbers outlined in Appendix D.

If access to the building is restricted notice boards will be placed at the approach to the offices in Southwark Street. A text message will be issued by the Gold Team officers advising of the situation. The information to be included on it will be sent by the Silver and Bronze Communications leads who will also be responsible for disseminating messages externally on a general basis.

The Building and Facilities Bronze Team should be notified so Taxi Card and Freedom Pass numbers can be transferred to another office if the teams can be relocated. This would be instigated by the Silver or Bronze Team Transport & Mobility leads.

4 BUSINESS IMPACT ANALYSIS

4.1 Directorate tasks in order of priority

The **Silver and Bronze** teams will have identified their own key tasks where necessary in order of priority by completing the LC Service Impact Analysis (Appendix B). This is used to determine urgent and non-urgent tasks within their service area.

4.2 Allocating Tasks and Responsibilities

This section should be used by the Silver Team to determine what ICT and communications services can be used in the event of a specific disaster determined by the Gold Team or Incident Manager. It also contains a summary of the resources and equipment required to complete the task. Section 6 (Resource and Access to Services) outlines how to connect to or use each of the resources outlined in the table below.

The resources and equipment have been previously specified by completing the Essential Resources List form (Appendix B) and 'Business Continuity - Critical Systems and Associated RTO' document

Urgent Tasks	Which staff, within your department can fulfil this role?	Resources required for task
Telephone communication	All Staff	London Councils issued mobiles and personal smartphones
Email communication [building comms operable]	All Staff who have Remote Access Service	London Councils issued mobiles and personal smartphones, Office 365 Outlook Web Access or Remote Access Service connections
Email communication [building comms severed]	All Staff who have internet access	London Councils issued mobiles and personal smartphones, Office 365 Outlook Web Access
Data file access [building comms operable]	All Staff who have Remote Access Service	London Councils issued mobiles and personal smartphones, Office 365 Outlook Web Access or Remote Access Service connections
Data file access [building comms severed]	All Staff who have internet access	London Councils issued smartphones and personal smartphones, Remote Access Service connections
Access to Websites	All staff	Externally hosted so independent of LC emergency

Urgent Tasks	Which staff, within your department can fulfil this role?	Resources required for task
Meeting Room availability for Members meetings	Corp_Gov Committee Clerks	Pre-arranged use of a City of London building – details to be advised at the time
Access to print and distribute Committee papers	Corp_Gov Committee Clerks	Pre-arranged use of a City of London print service and building – Guildhall Justice Rooms
Access to copy contracts	All Staff	Planned scan of existing & new documents via Konica Minolta MFD machines already in situ

4.3 Business Impact Analysis Tables

As the duration of a business interruption increases the ability to continue operating at an acceptable level will change. The **Silver Team** will determine the ultimate staffing levels required for their specific service.

In the first 24 hours following a major incident there will be a number of actions that the Silver, Bronze teams and other nominated staff will need to complete under direction from the Gold Team in the short term.

The range of staff required for each of the Directorates and Divisions is indicated in the Business Impact Analysis tables below and determined by the **Silver Team** members.

4.4 Business Impact Analysis Reviews

Each Business Impact Analysis table will be reviewed at least twice yearly by the relevant **Silver Team** lead member or when significant changes in that service are warrants a review. This could include staff changes, service additions or subtractions and operation relocation;

Critical Function	**Chief Executives Office** (CHX and staff location - 1st Floor 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Chief Executive or deputy must be visible to give support and confidence to staff and customers • Gold Team members, Directors and PA's available to assist where necessary
24 – 48 hours	• Clear diaries - cancel non urgent meetings
Up to 1 week	• PA's to ensure that Gold team members are not distracted by non-urgent enquiries not related to the emergency • PA's to filter external requests for information to Communications Silver Team leads • PA's can filter internal requests for information to Silver and Bronze teams as appropriate
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x Chief Executive 1 x Head of Office	No, if Southwark Street not accessible work from home	• BlackBerry/smart phone • Computer	Remote Desktop Service
24 – 48 hours	1 x Chief Executive 1 x Head of Office	No, if Southwark Street not accessible work from home	• BlackBerry/smart phone • Computer	Remote Desktop Service
Up to 1 week	1 x Chief Executive 1 x Head of Office 1 x Secretary of Chief Executive & Chair	No, if Southwark Street not accessible work from home	• BlackBerry/smart phone • Computer • Laptop /BlackBerry or smart phone for Secretary	Remote Desktop Service
Up to 2 weeks	1 x Chief Executive 1 x Head of Office 1 x Secretary of Chief Executive & Chair	No, if Southwark Street not accessible work from home	• BlackBerry/smart phone • Computer • Laptop/BlackBerry or smart phone for Secretary	Remote Desktop Service

Critical Function	**Human Resource Activities** (staff location - 4th Floor 59 ½ SS and CoL HR Guildhall)

Effect on Service:

Time	Effect on Service
First 24 hours	• As HR Contract Manager, will play a critical role in supporting Gold and Silver Team members with accessing contact details and keeping relatives of staff informed, via links with City Corporation HR Team • May need access to staff lists and emergency contact information • All normal HR work will be suspended
24 – 48 hours	• As above
Up to 1 week	• Counselling service needs to be available
Up to 2 weeks	• Recruitment and general HR activities to be resumed • Payroll activity will need to be resumed

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x [redacted], Director - Corporate Governance From City of London: 1 x HR Business Partner or HR Advisor *	No, if Southwark Street not accessible work from home or Guildhall	• All up-to-date divisional contact lists • Access to CoL iTrent • Own mobile	iTrent Remote Desktop Service or Outlook Web Access
24 – 48 hours	As above	As above	• As above,	As above, plus access to counselling service (workplace options via phone, email or ***Website:*** www.workplaceoptions.com ***Email:*** assistance@workplaceoptions.com ***Freephone no:*** 0800 243 458
Up to 1 week	As above	As above	• As above	As above
Up to 2 weeks	As above	As above	• As above	As above

Critical Function	**Finance - Payments** (staff location - Ground Floor 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Emergency funds may need to be available to purchase essentials. Revision to existing financial procedures to facilitate remote payments.
24 – 48 hours	• Finance staff need to consider any call on insurance or reserves • Need to finance emergency and source funding
Up to 1 week	• Finance staff need to resume essential duties
Up to 2 weeks	• Finance staff need to resume essential duties

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x Head of Financial Acc 2 x Finance staff	No, if Southwark Street not accessible work from home	• Cheque book / Bank Card • Access to CoL Oracle • Own mobile • Own computer	Remote Desktop Service
24 – 48 hours	1 x Head of Financial Acc 2 x Finance staff	No, if Southwark Street not accessible work from home	• Cheque book / Bank Card • Access to CoL Oracle • Own mobile • Own computer	Remote Desktop Service
Up to 1 week	1 x Head of Financial Acc 3 x Finance staff	Yes, if Southwark Street not accessible, alternative work location will be required	• Cheque book / Bank Card • Access to CoL Oracle • Own mobile • Access to incoming post	Remote Desktop Service
Up to 2 weeks	1 x Head of Financial Acc 3 x Finance staff	Yes, if Southwark Street not accessible, alternative work location required	• Cheque book / Bank Card • Access to CoL Oracle • Own mobile • Access to incoming post	Remote Desktop Service

Critical Function	**Facilities - Building Access (Southwark Street)** (staff location - Ground Floor 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Use Appendix G – Emergency Response Checklist as a guide • Seal off site using appropriate available means • Notify appropriate emergency or remedial services • Determine anticipated time for which access will be denied • Notify Gold and Silver team members were appropriate to commence cascade and external communications
24 – 48 hours	• As above
Up to 1 week	• Having regard for the various Business Impact Analysis assess, allocate and utilise available space elsewhere in the best interest of the business
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x SFSO 2 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco FHD
24 – 48 hours	1 x SFSO 2 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco FHD
Up to 1 week	1 x SFSO 2 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco FHD
Up to 2 weeks	1 x SFSO 3 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco FHD

Critical Function	**Facilities - Building Access (Chancery Exchange)** (staff location - Ground Floor, Furnival Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Complete shut down
24 – 48 hours	• Chief Adjudicators and Proper Officer staff require system access to assess work requirements and resume essential duties • Duty Adjudicators need to be able to resume work from home
48 hours – 1 month	• Adjudicators need to be able to resume (postal) hearings
1 month onwards	• Adjudicators need to be able to resume (personal) hearings

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	0	No	None	None
24 – 48 hours	2 x chief adjudicators 6 x LC staff 1 x NPS IT	Yes (59½)	• PCs with internet access • telephones	• NAS Back Office • Office 365 (email & OneDrive) • Unscannable evidence
48 hours – 1 month	2 x chief adjudicators 6 x LC staff 2 x NPS IT 4 x adjudicators 56 x adjudicators	Yes (59½) Yes (59½) Yes (59½) Yes (59½) No (work from home)	• PCs with internet access • telephones	• NAS Back Office • Office 365 (email & OneDrive) • Unscannable evidence
1 month onwards	2 x chief adjudicators 6 x LC staff 4 x NPS 60 x adjudicators 3 x Reception 2 x Security	Yes (but adjudicators working rota – so max 10 at any one time)	• Location capable of hosting personal hearings • PCs with internet access • telephones	• Full System Access • Unscannable evidence

Critical Function	**ICT - Data & Voice Services** (staff location - Ground Floor , 59 ½ Southwark Street & Agilisys ***)

Effect on Service:

Time	Effect on Service
First 24 hours	• If 59 ½ Southwark Street comms room lost switch to DR site. • Staff will use RDS and Office 365 services from home. • No telephony will be available. Staff to use LC or personal mobiles via staff communications and cascade lists • Monitor number of concurrent remote connections • Reference 'Critical Systems and Associated RTO' documentation
24 – 48 hours	• Equipment to be sourced dependant on the requirements from business impact areas
Up to 1 week	• As above
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x ICT & FM Manager Appropriate ICT staff from Agilisys	Yes, if Southwark Street not accessible work from Guildhall	• Own Mobile • Laptop • Desk at Guildhall / Agilisys	Remote Desktop Service BCP Plans
24 – 48 hours	1 x ICT & FM Manager Appropriate ICT staff from Agilisys	Yes, if Southwark Street not accessible work from Guildhall	• Own Mobile • Laptop • Desk at Guildhall / Agilisys	Remote Desktop Service BCP Plans
Up to 1 week	1 x ICT & FM Manager Appropriate ICT staff from Agilisys & Operations Director	Yes, if Southwark Street not accessible work from Guildhall	• Own Mobile • Laptop • Desk at Guildhall / Agilisys	Remote Desktop Service BCP Plans
Up to 2 weeks	1 x ICT & FM Manager Appropriate ICT staff from Agilisys & Operations Dir	Yes, if Southwark Street not accessible work from Guildhall	• Own Mobile • Laptop • Desk at Guildhall / Agilisys	Remote Desktop Service BCP Plans

*** Operating out of City of London premises, Guildhall, London

Critical Function	**Communications - Staff & External Comms** (staff location – 3rd Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	Emergency internal and external comms
24 – 48 hours	Cancellation of member and networking events
Up to 1 week	Cancellation of member and networking events
Up to 2 weeks	Cancellation of member and networking events

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x Director of Communications 1 x Web Manager 1 x Media Officer	No, if Southwark Street not accessible work from home	• Remote access to Vuelio and CMS • Own mobile	Remote Desktop Service
24 – 48 hours	1 x Director of Communications 1 x Web Manager 1 x Media Officer	No, if Southwark Street not accessible work from home	• Remote access to Vuelio and CMS • Own mobile	Remote Desktop Service
Up to 1 week	1 x Director of Communications 1 x Web Manager 1 x Media Officer	No, if Southwark Street not accessible work from home	• Remote access to Vuelio and CMS • Own mobile	Remote Desktop Service
Up to 2 weeks	1 x Director of Communications 1 x Web Manager 1 x Media Officer	No, if Southwark Street not accessible work from home	• Remote access to Vuelio and CMS • Own mobile	Remote Desktop Service

Critical Function	**Communications - Websites** (staff location – 3rd Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	Could be unable to update certain date driven areas of site – Jobs, Meetings, Events. Reliant on contact with Comms team and external people.
24 – 48 hours	Could be unable to update certain date driven areas of site – Jobs, Meetings, Events. Reliant on contact with Comms team and external people.
Up to 1 week	Could be unable to update certain date driven areas of site – Jobs, Meetings, Events. Reliant on contact with Comms team and external people.
Up to 2 weeks	Could be unable to update certain date driven areas of site – Jobs, Meetings, Events. Reliant on contact with Comms team and external people.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1x e-Comms Manager 1x e-Comms Officer	No, if Southwark Street not accessible work from home	Access to Office 365	Remote Desktop Service
24 – 48 hours	1x e-Comms Manager 1x e-Comms Officer	No, if Southwark Street not accessible work from home	Access to Office 365	Remote Desktop Service
Up to 1 week	1x e-Comms Manager 1x e-Comms Officer	No, if Southwark Street not accessible work from home	Access to Office 365	Remote Desktop Service
Up to 2 weeks	1x e-Comms Manager 1x e-Comms Officer	No, if Southwark Street not accessible work from home	Access to Office 365	Remote Desktop Service

Service	**PaPA - All Policy Teams** (staff location – 3rd Floor East and West, 59 ½ Southwark Street)

- **Economy, Culture & Tourism** (3 staff)
- **Finance, Performance & Procurement** (12 staff)
- **Health & Adult Social Care** (3 staff)
- **Housing & Planning** (3 staff)
- **Strategic Policy** (7 staff)
- **Transport & Environment** (4 staff)
- **Young Peoples Services** (4 staff)

Effect on Service:

Time	Effect on Service
First 24 hours	• Will need to reschedule or re-locate meetings if Southwark Street not accessible
24 – 48 hours	• Will need to reschedule or re-locate meetings if Southwark Street not accessible
Up to 1 week	• Will need to reschedule or re-locate meetings if Southwark Street not accessible
Up to 2 weeks	• Will need to reschedule or re-locate meetings if Southwark Street not accessible

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x Corporate Director or Director; 1 x Head of Service or Policy Officer for each of 7 policy teams; 1 x PA	No, if Southwark Street not accessible, work from home; re-locate meetings where possible or dial/ conference in	Own mobile; Own PC / Mac / Laptop	Remote Desktop Service
24 – 48 hours	1 x Corporate Director or Director; 1 x Head of Service or Policy Officer for each of 7 policy teams; 1 x PA	No, if Southwark Street not accessible, work from home; re-locate meetings where possible or dial/ conference in	Own mobile; Own PC / Mac / Laptop	Remote Desktop Service

Up to 1 week	1 x Corporate Director; 1 x Director; 1 x Head of Service for each of 7 policy teams; 1-2 Policy Officers for each of 7 policy teams; 2-3 x PAs;	No, if Southwark Street not accessible, work from home; re-locate meetings where possible or dial / conference in	Own mobile; Own PC / Mac / Laptop	Remote Desktop Service
Up to 2 weeks	All staff	No, if Southwark Street not accessible, work from home; re-locate meetings where possible or dial / conference in	Own mobile; Own PC / Mac / Laptop	Remote Desktop Service

Includes ***LondonADASS*** (3 staff) and ***Association of Directors of Public Health - London*** (2 staff) as tenants located within the PaPA division

Service	**Services - Taxi Card** (staff location - 2nd floor East, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• No phone support to Taxicard members, contractors. If possible IVR message on phones and website directing callers to alternatives – i.e. e-mail support /website / CityFleet. Can answer e-mails.
24 – 48 hours	• As above. Small backlog of work. Limited amount that team can do from home.
Up to 1 week	• Starting to affect public adversely. Members may not be able to travel without actions by London Councils. Will have to advise CityFleet and boroughs of workarounds to minimise impact on public. Lack of access to application forms would be a serious problem if staff could not retrieve them.
Up to 2 weeks	• As above – will have set up an alternative location. Serious backlogs, complaints if can't access application forms.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	5 staff 1 x Mobility Services Manager (Tony) 1 x Senior Permit Issue Officer (Alex – until 24/3 – then vacant) 3 x Permit Issue Officers (Alison, Stacy, Rob)	No	Work from home / Internet access /Remote desktop	CMS database
24 – 48 hours	5 staff	No	Work from home / Internet access /Remote desktop	CMS database
Up to 1 week	5 staff	Yes - on 3rd day at Chancery Exchange if possible	Desk, PC, Internet access, Phone, Scanner, Redirect post	CMS database
Up to 2 weeks	5 staff	Yes - on 3rd day at Chancery Exchange if possible	Desk, PC, Internet access, Phone, Scanner, Redirect post	CMS database

Service	**Services - Freedom Pass** (staff location – 2nd Floor East, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Minimal
24 – 48 hours	• No phone support from London Councils to boroughs, Journeycall. However, can send e-mail to all service partners to arrange all correspondence to be done via e-mail. May be an issue with personal callers who want to pay cash for replacement cards. Will have to be directed to an alternative payment method. Public enquiries can be handled via e-mail.
Up to 1 week	• As above
Up to 2 weeks	• As above. Arrange post to be redirected.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	3 ½ staff 1 x Mobility Services Contracts Officer 1 x Mobility Services Projects Officer 2 x Mobility Services Contract Support Officers	No	Work from home / Internet access /Remote desktop	CMS database
24 – 48 hours	3 ½ staff	No - Notice on Freedom Pass website	Work from home / Internet access /Remote desktop	CMS database
Up to 1 week	3 ½ staff	No – team can co-ordinate work via e-mail / phone Keep website updated	Work from home / Internet access /Remote desktop	CMS database
Up to 2 weeks	3 ½ staff	No – but will need ad hoc meetings at Chancery to co-ordinate team workload / share information Keep website updated	Work from home / Internet access /Remote desktop Meeting room at Chancery	CMS database

Service	Services - London Lorry Control Scheme (LLCS) (staff location – 2nd Floor West, 59½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• No phone support for members of the public with respect to permissions, PCN enquiries, manual payments. No phone support for contractors (e.g. bailiffs, NSL, Adaptis and TEC). No written case work completed if offices are not available, but could be undertaken if remote log in was available. This could also help if enquiries were diverted to email.
24 – 48 hours	• As above. Increase in backlogs as some aspects would be limited. Printing and therefore sending letters would be an issue with regards to date sensitive case work. Backlog in uploading case information.
Up to 1 week	• As above but exaggerated. Hauliers trying to contact LLCS would be increased and deadlines may be missed on some work which could have financial consequences.
Up to 2 weeks	• As above – It is now very likely that deadlines will be missed and case work delayed significantly, with an increased backlog and negative financial implications.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	4 staff 3 LLCS officers and 1 LLCS Manager	No	Work from home, remote desktop and internet access	CMS database (Blink, Scoop)
24 – 48 hours	See above	See above	See above	See above
Up to 1 week	See above	Towards the end of the week this may need to be considered	See above (relocation would require desk, phone, PC, printer, scanner, payment machine, post redirect)	See above
Up to 2 weeks	See above	Yes, after two weeks deadlines would be lost	Desk, phone, PC, printer, scanner, payment machine, post redirect)	See above

Service	Services - Health Emergency Badge (HEB) (staff location – 2nd Floor West, 59½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Minimal
24 – 48 hours	• Minimal. However there may be some issues if health officials or boroughs are trying to contact HEB regarding the nature of the scheme or production of badges
Up to 1 week	• Increasing delays in badge production or advice, may see an increase in complaints
Up to 2 weeks	• Extensive delays are likely to see an increase in public complaints and increased backlog of HEB assessment and badge production.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 staff member	no	Work from home, remote desktop, possible phone and access to database	HEB database
24 – 48 hours	1 staff member	no	See above	See above
Up to 1 week	1 staff member	Not totally necessary after a week	See above. Possible redirection of post	See above
Up to 2 weeks	1 staff member	Possibly yes if longer than one week	See above	See above

Service	**Services - Parking and Traffic** (staff location – 2nd Floor West, 59½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Minimal
24 – 48 hours	• Minimal. There will be some delays in answering correspondence and undertaking project work but nothing is critical
Up to 1 week	• As above. No borough enquiries could be undertaken unless there was remote access available, and calls would not be answered. If possible these could be redirected via email
Up to 2 weeks	• As above. There may be some issues regarding public complaints and borough/member enquiries and backlogs would increase.

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	2 staff	No	Work from home, remote desktop, phone line, internet access and access to K and G drives	See resources
24 – 48 hours	2 staff	No	See above	See above
Up to 1 week	2 staff	No	See above	See above
Up to 2 weeks	2 staff	No – but may need consideration if any longer as meetings with stakeholders are held regularly.	See above	See above

Service	**Services - London European Partnership for Transport (LEPT)** (staff location – 2nd Floor West, 59½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Minimal effect. No phone cover but not vital if remote log-on is available for written work via email, and access to L drive is available
24 – 48 hours	• See above
Up to 1 week	• There are some ongoing deadlines that may be missed, but work is not generally critical. If remote log-in to drives is available then work can be undertaken
Up to 2 weeks	• There may be issues with Conference calls and some self- imposed deadlines on bulletins, but these are not generally time critical

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	2 staff	No	Work from homer/Internet Access/Remote Desktop	Access to L Drive and email
24 – 48 hours	2 staff	No	See above	See above
Up to 1 week	2 staff	No the small team wold be able to co-ordinate work by email and phone	See above	See above
Up to 2 weeks	2 staff	May need a formal meeting room, and in times of bidding/ final reporting then relocation would be required to co-ordinate resources	See above	See above

Service	Services - Grants & London Care Placements (staff location - 2nd Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• None. Providers could continue to deliver without our input in this time
24 – 48 hours	• None. Providers could continue to deliver without our input in this time
Up to 1 week	• Some providers would become concerned that they were delivering without a funding organisation (us)
Up to 2 weeks	• Some providers might stop delivering without a funding organisation (us). This would have an impact on grants programme participants, who are already likely to be particularly vulnerable in a disaster

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	None	None	None	None
24 – 48 hours	None	None	None	None
Up to 1 week	2 ½ staff	Yes – to be determined, Silver Team lead to stipulate	Three PCs linked to London Councils data and to GIFTS system	Data on J drive, M drive and GIFTS
Up to 2 weeks	2 ½ staff	Yes – to be determined, Silver Team lead to stipulate	Three PCs linked to London Councils data and to GIFTS system	Data on J drive, M drive and GIFTS

Service	**Services - London Tribunals** (staff location - Ground Floor, Chancery Exchange, Furnival Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Complete shut down
24 – 48 hours	• Chief Adjudicators and Proper Officer staff require system access to assess work requirements and resume essential duties • Duty Adjudicators need to be able to resume work from home
48 hours – 1 month	• Adjudicators need to be able to resume (postal) hearings
1 month onwards	• Adjudicators need to be able to resume (personal) hearings

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	0	No	None	None
24 – 48 hours	2 x chief adjudicators 6 x LC staff 1 x NPS IT	Yes (59½)	• PCs with internet access • telephones	• NAS Back Office • Office 365 (email & OneDrive) • Unscannable evidence
48 hours – 1 month	2 x chief adjudicators 6 x LC staff 2 x NPS IT 4 x adjudicators 56 x adjudicators	Yes (59½) Yes (59½) Yes (59½) Yes (59½) No (work from home)	• PCs with internet access • telephones	• NAS Back Office • Office 365 (email & OneDrive) • Unscannable evidence
1 month onwards	2 x chief adjudicators 6 x LC staff 4 x NPS 60 x adjudicators 3 x Reception 2 x Security	Yes (but adjudicators working rota – so max 10 at any one time)	• Location capable of hosting personal hearings • PCs with internet access • telephones	• Full System Access • Unscannable evidence

Service	**Services - Capital Ambition** (staff location – 2nd Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Minimal impact in first 24 hours.
24 – 48 hours	• Team will need to manage various programmes/projects/activities with external stakeholders. Processes and "workarounds" will need to be established to deliver core business. Activities can be undertaken at external stakeholder sites if required.
Up to 1 week	• Team will need to be able to deliver business as usual
Up to 2 weeks	• Team will need to be able to deliver business as usual

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x Head of Capital Ambition 1 x Capital Ambition Programme *1 x Capital Ambition Project Manager (this is a non permanent secondee role based on availability from civil service fast stream)*	Permanent staff are able to work from home. The secondee may have issues regarding home working depending upon their individual circumstances. Meetings can take place at client sites as and when required.	Own mobile Own computer	Full remote desktop service
24 – 48 hours	As above	As above	As above	As above
Up to 1 week	As above	As above	As above	As above
Up to 2 weeks	As above	As above	As above including PO access	As above

Service	Services - Young Peoples Education & Skills (staff location – 2nd Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• Impact dependent on YPES events schedule
24 – 48 hours	• Impact dependent on YPES events schedule, alternative venue may be required for significant (30+) event
Up to 1 week	• Team will need to deliver essential services
Up to 2 weeks	• Team will need to deliver essential services

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1xStrategy Director 1xRegional Manager 1xAdministrator	No, if Southwark Street not accessible work from home (or alternative local facility e.g. library)	Own mobile/PC	Remote desktop service
24 – 48 hours	As above	No, if Southwark Street not accessible work from home (or alternative local facility e.g. library)	Own mobile/PC	As above
Up to 1 week	As above	No, if Southwark Street not accessible work from home (or alternative local facility e.g. library)	Own mobile/PC	As above
Up to 2 weeks	As above	No, if Southwark Street not accessible work from home (or alternative local facility e.g. library)	Own mobile/PC	As above

Service	**Governance - FoI & Complaints** (staff location – 4th Floor, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	Only emergency would be if a meeting was taking place on day one and attendees needed to be informed.
24 – 48 hours	Duties resume as usual – most work can be undertaken from home and if not, extensions on deadlines will be sought.
Up to 1 week	• As above
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	2 x [redacted]	No, if Southwark Street not accessible work from home	Access to remote desktop service Ability to transfer work phone to work/personal mobile	Access to remote desktop service
24 – 48 hours	As Above	As Above	As Above	As Above
Up to 1 week	As Above	As Above	As Above	As Above
Up to 2 weeks	As Above	As Above	As Above	As Above

Service	**Governance - Regional Employers Organisation** (staff location – 4th Floor, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	Only emergency would be if a meeting was taking place on day one and attendees needed to be informed. If access to remote desktop service unavailable then [redacted] and [redacted] have emailed a copy of REO (Regional Employers Organisation) contact lists to personal email.
24 – 48 hours	REO duties resume as usual – all work can be completed from home. Any up and coming meetings can either be cancelled or re-arranged to take place in a London Borough if London Councils offices are not accessible but London is accessible.
Up to 1 week	• REO duties resume as usual – as above
Up to 2 weeks	• REO duties resume as usual – as above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	[redacted] and [redacted] [redacted]	No, if Southwark Street not accessible work from home	Access to remote desktop service Ability to transfer work phone to work/personal mobile	Access to remote desktop service
24 – 48 hours	As Above	As Above	As Above	As Above
Up to 1 week	As Above	As Above	As Above	As Above
Up to 2 weeks	As Above	As Above	As Above	As Above

Service	**Facilities - Meeting Room Bookings** (staff location - Ground Floor West, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• If Southwark Street unavailable contact external meeting contacts for the days meeting • Advise all external meeting contacts for meetings scheduled the next day of situation and possible issues
24 – 48 hours	• Depending on longevity of incident, source possible alternative meeting room space within City of London or other City venues
Up to 1 week	• As above
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	1 x SFSO 2 x FSO's	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco
24 – 48 hours	1 x SFSO 2 x FSO's	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco
Up to 1 week	1 x SFSO 2 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco
Up to 2 weeks	1 x SFSO 3 x FSO's 1 x Receptionist	Yes, if Southwark Street not accessible work from Chancery Exchange	• Office phone within Chancery Exchange • Use of desktop PC	Remote Desktop Service Condeco

Service	**Tenant - London CIV** (staff location - Ground Floor East, 59 ½ Southwark Street)

Effect on Service:

Time	Effect on Service
First 24 hours	• We would need access to Bloomberg, internet access and be able to pick up and respond to emails from third party service providers such as Northern Trust and various Investment Managers. • We would need to have access to the K drive to be able to access our working files
24 – 48 hours	• as above
Up to 1 week	• As above but would now require access to Barclays banking systems to affect payments to suppliers and staff
Up to 2 weeks	• As above

Resource requirements for Recovery:

Time	No. of staff	Relocation?	Resources required	Data required
First 24 hours	4 minimum	Yes, relocate to contingency site at Kingston-Upon Thames Council	Access to systems in section marked critical IT functions in **Appendix H**	See tables in **Appendix H** for specific requirements
24 – 48 hours	4 minimum	Yes, relocate to contingency site at Kingston-Upon Thames Council	Access to systems in section marked critical IT functions in **Appendix H**	See tables in **Appendix H** for specific requirements
Up to 1 week	4 minimum	Yes, relocate to contingency site at Kingston-Upon Thames Council	Access to systems in section marked critical IT functions in **Appendix H**	See tables in **Appendix H** for specific requirements
Up to 2 weeks	4 minimum	Yes, relocate to contingency site at Kingston-Upon Thames Council	Access to systems in section marked critical IT functions in **Appendix H**	See tables in **Appendix H** for specific requirements

5 TYPES OF BUSINESS CONTINUITY INCIDENTS AND RECOMMENDED ACTIONS

The Risk / Scenario Plans below detail some procedures that should be used as guidance in a selection of possible business interruptions.

The list isn't exhaustive and is not prescriptive, but is a guide to provide a basis for informed decision-making in dealing with a range of abnormal situations.

1. Localised Disruption to Services

Risk / Scenario - Plan No: 1	**Disruption to Services**	
Overall Risk Owner:	Gold plus Silver Teams and or Bronze teams in affected services	
Brief description of Risk / Scenario:		
Loss or disruption of services to the office. This could be power, telephone services, water, etc		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
001	Contact supplier of services (section 9.1) to ascertain the anticipated 'Down Time'. Progress with repairs/rectification with supplier or own maintenance contractor (Appendix E) as appropriate	ICT & Facilities manager and Facilities Bronze team
002	If service will affect Chancery Exchange or other third part partners then notify them by most appropriate means	Silver Team or Communications Team
003	Check possibility/availability of temporary services, eg; porta-loos, generators, heaters etc	ICT & Facilities manager and Facilities Bronze team
004	If the disruption to service results in partial or total loss of use of the building then follow the relevant plan	Gold Team and Incident Manager

2. Partial Loss of Access to 59½ Southwark Street site

Risk / Scenario - Plan No: 2	**Partial loss of access to Southwark Street building**	
Overall Risk Owner:	Gold and Silver Teams and Bronze teams in affected floors / services	
Brief description of Risk / Scenario:		
In the event of parts of the office having restricted or no access due to crime, fire, flood, etc		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
005	Seal off access to affected part of the site with the objective of leaving the rest of the office still operational	Bronze team members for affected areas
006	Determine anticipated time for which access will be denied	
007	Having regard to the relevant Business Impact Analysis (Section 4) for affected services, access, allocate and utilise available space in Southwark Street and elsewhere in the best interest of the business	Bronze team members for affected areas
008	If police or emergency services is involved then follow their instructions or plan and base the disaster recovery on their recommendations / information provided	
009	The Bronze team members to liaise with the Silver team to prepare restoration plan in order to minimise disruption. This will be a developing plan as further information becomes available	
010	Notify and mobilise staff according to need and capacity	

3. Total Loss of Access to 59½ Southwark Street site

Risk / Scenario - Plan No: 3	Total loss of access to building	
Overall Risk Owner:	Gold Team	
Brief description of Risk / Scenario:		
In the event of the Southwark Street building not being accessible due to crime, fire, flood, etc		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
011	Seal off site using appropriate and available means. If appropriate this may have already been done by emergency services or access might have been denied to achieve this	Gold Team
012	Determine anticipated time that for which access will be denied	
013	If police or emergency services is involved then follow their instructions or plan and base the disaster recovery on their recommendations / information provided	
014	Having regard to the Business Impact Analyses access, allocate and utilise available space elsewhere in the best interest of the business	
015	Business Continuity Team to prepare a restoration plan in order to minimise disruption and identifying any need for external assistance. This will be a developing plan as further information becomes available	
016	Prepare communications for staff via channels identified in Appendix C and website to ensure staff are aware where they should go	

4. Loss of Ability to Secure Office Premises

Risk / Scenario - Plan No: 4	Loss of ability to secure the Southwark Street premises	
Overall Risk Owner:	Gold Team	
Brief description of Risk / Scenario:		
• In the event of the loss of the walls/windows or doors • In the event of the loss of the roof/ceiling • In the event of the building being declared unsafe and not secure		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
017	Contact security provider and increase cover to 24 hours in order to prevent theft from premises	Gold Team or Incident Manager
018	Mobilise key office staff	
019	If access to the office for working is partially or totally denied then follow the relevant agreed plan	

5. Loss of staffing cover needed to carry out full service delivery

Risk / Scenario - No: 5	Catastrophic loss of staff	
Overall Risk Owner:	Gold Team, Silver Team (HR), Bronze Team	
Brief description of Risk / Scenario:		
In the event of an outbreak of highly contagious disease		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
020	Note minimum staffing levels as per Section 4.5. Assess whether each service can provide required numbers of staff locally	Gold Team or Incident Manager as advised by Silver / Bronze team
021	Access available staff throughout the organisation and prioritise continuation of priority services (Section 4). Staff may need to be mobilised to work from a different location and different service areas to ensure continuity of services	Silver Team (HR & Comms) and Bronze team members
022	Continually assess situation throughout emergency via twice daily briefings from HR	Gold Team as advised by Silver team

6. Accidents to Staff Members on the Premises

Risk / Scenario - Plan No: 6	Staff related accident on office premises	
Overall Risk Owner:	Gold Team, Bronze Team lead for H&S	
Brief description of Risk / Scenario:		
Accident to an employee on the premises. Priority should be on providing assistance to the person. Overall response will be governed by the seriousness of the incident. Police to be informed if crime has been committed, i.e. assult		
Contingency Action Ref No.	Contingency Actions	Owner
023	• Ensure first aider(s) is alerted • Ensure emergency services called as required	Bronze team members
024	• Depending on seriousness seal off area of accident to prevent disturbance. Call Facilities Manager for advice	
025	• Notify HR to ensure contact made with next of kin and provide any assistance required	
026	• If injured party is taken off the premises ensure he/she is accompanied by a colleague/friend with a mobile phone	
027	• If injured party taken off premises ensure his/her possessions are secured including bicycles etc.	
028	• Report incident to Finance for insurance purposes and in accident book (Facilities)	
029	• Assess disruption to the office and deal with accordingly	

7. Loss of Access to ICT or Telephony Services

Risk / Scenario - Plan No: 7	Loss of data or server down	
Overall Risk Owner:	Silver Team ICT lead, Agilisys	
Brief description of Risk / Scenario:		
• In the event of loss of ICT or telephony services • In the event of server down		
Contingency Action Ref No.	Contingency Actions	Owner / Mobilise
030	Contact the City of London ICT Service Desk	Bronze team
031	Assess predicted length of service availability. Divert telephones to an alternate no. or mobile	ICT & Facilities Manager

032	Liaise with City of London ICT and ensure full communication is given to Bronze, Silver and Gold team leads. Call meeting of Gold team in the event of loss of City of London / Agilisys offices	ICT & Facilities Manager

8. Emergency calls concerning accidents to employees away from the office

Risk / Scenario - No: 8	**Staff related emergency away from Southwark Street**	
Overall Risk Owner:	Silver and staff members	
Brief description of Risk / Scenario:		
Call advising of accident to an employee away from the office. Priority should be on getting help to the employee as required and if necessary notifying next of kin through HR. Business Continuity is the second priority		
Contingency Action Ref No.	**Contingency Actions**	**Owner / Mobilise**
033	Contact the employee concerned and confirm who is now dealing with the incident and confirm actions they are proposing to take. Contact details to be given to the employee	Silver Team (Comms, Facilities)
034	Ensure all contact details of individual are available. These are held by individual managers	Bronze Team member for the appropriate service area
035	Identify division for which employee works	
036	Determine the need for and implement as necessary any additional outside emergency assistance or support required for employee	
037	Contact the Bronze team leader / manager of the appropriate area to take responsibility to manage the incident	
038	If no bronze team or the manager is unavailable contact Silver Team to take responsibility	

5.1 Procedures in place for dealing with loss of key staff

The Critical Functions List in Section 2 and staffing table on page 18 identifies a deputy of staff in that area capable of operating the service in the event that the key person is not available at the time of / because of the effects of the event. Any updates should be forwarded to the Core Pan Owner whenever this changes;

Directorate / Division	Urgent Tasks	Staff within your Directorate / Division who can fulfil this role as a deputy?
The relevant details of urgent task deputies for each Directorate / Division are shown in their separate sheets		

5.2 How could your Directorate/Division utilise staff from another Directorate/Division in an emergency?

Due to specialist areas throughout the organisation the only areas where staff from other divisions could be utilised easily are general admin and for telephone help. Contact the relevant Gold or Silver team members if you can assist.

6 RESOURCE AND ACCESS TO SERVICES

What are the minimum functions that the Directorates / Divisions require to operate in an emergency?

6.1 Desktop, Remote Access and Personal Comms

These are the essential tools required by all Directorate / Division to effectively communicate in a disruption;

Equipment
London Councils issued mobiles and smartphone and personal smartphone
Computer connection - Remote Desktop Service
Computer connection - Office 365 (Outlook Web Access)

Remote Desktop Service
If the incident prevents you from accessing the main building in 59½ Southwark Street you may be directed by a member of the Silver Team or your line manager to use the Remote Access Service from home or another location. This would be available via our DR site and on the internet link below. You will need to setup the connection BEFORE you can access the secure RDS services, instructions available on the London Councils ICT intranet pages;

- **https://securerds.londoncouncils.gov.uk**

On this portal you will find a copy of this plan, any local plans issued by the Silver Team areas, fixed telephony access, a link to your office desktop via the Remote Desktop Service, Critical Systems and Associated RTO documentation and a copy of the Northgate Public Sector DR plan relating to services at London Tribunals, Chancery Exchange.

Outlook Web Access
If the incident prevents you from accessing the main building in 59½ Southwark Street you can also use the Outlook Web Access (OWA) Service on the link below. This will give you access to full London Councils email, Microsoft Office apps, OneDrive and all other communications via the Office 365 portal. At the time of this document release only documents stored in your OneDrive portal will be available through OWA;

- **https://outlook.office365.com**

Telephony
From August 2016 if the incident prevents you from accessing the main building your office number will be transferred to our cloud based service. Instructions on how to access this when the incident has been activated can be found on the London Councils RDS service.

London Councils issued Mobiles and your Personal Smartphones
Your London Councils or personal mobile will be used to make initial contact via the cascade tree. It can also be used to receive email via Outlook Web Access. Please check the London Councils intranet pages on how to configure your Android, Windows or iPhone devices.

Telephone Conferencing Facility
London Councils have a phone conferencing facility available via the BT Conferencing service. The service will allow any London Councils member of staff to initiate and host a phone conference for three to 100 participants. Instructions on how to use the service and who holds the relevant conference passcodes and PINs for your appropriate division can be found in Appendix J.

6.2 Partners and Contractors (Internal and External)

Highlighted below are the operational business partners that the Directorate / Divisions may require assistance from, or offer assistance to in an emergency situation. Their contact details can be found in Section 8.1 and Appendix F;

City of London Corporation (Services)	Managed services provider for ICT, HR, building management and surveyors to our primary site at 59½ Southwark Street
City of London Corporation (Facilities)	For alternative office or meeting room availability (determined by length of outage)
Northgate IS	IT Managed Services provider at the second site occupied by London Tribunals in Chancery Exchange. The site could be used for a limited number of staff or functions if Southwark Street is unavailable. Current spare accommodation is *x* at desks, *x* at hotspot, and up to a further 20 within the hearing rooms themselves if hearings are suspended
ESP and Journeycall	Freedom Pass and Taxi Card services

6.3 Financial

The City of London Corporation deals with the financial processing after inputs from London Councils Finance Accounts staff. The Finance Silver and Bronze team members would normally liaise with them during an incident.

Access for input to the system is available remotely via the Web-based Citrix connection and two factor authentication to the City of London via the Remote Desktop Service.

6.4 Building / location

Listed below are the alternative operational locations that could be used by the Directorate / Division to carry out day-to-day tasks;

Home locations – staff working from home
Chancery Exchange – potential to be use by Directorates (especially) [a] full use if London Tribunals hearings suspended. [b] 50% use if personal hearings continued. Reversely Southwark Street office areas or meeting rooms could be utilised by London Tribunals Admin staff in the event of Chancery Exchange not being accessible.
Guildhall – Meeting rooms or office space may be available at the City of London Corporation's offices in Guildhall or Walbrook Wharf for London Councils staff only

6.5 Utilities - Power Supplies

On-site communications links require continued electricity supply. A short-term break in service can be covered by the UPS's (Uninterruptable Power Supply) fitted in the IT room for the critical servers to continue operating or to close-down in a controlled manner after the UPS is exhausted.

If the supply is completely lost then the comms links will be broken and the alternative site connections specified in Section 6.1 above become the means of operating.

6.6 ICT Systems

Critical ICT systems are identified within the Essential Resources List completed by each Directorate / Division (Appendix C) and are already indicated in section 6.0 above.

6.7 Back-up plans or manual systems

Indicated here are any backup operations carried out separately from the Corporate ICT onpremise schedule, plus any of the services that could be continued by manual systems prepared in case of electronic communication breakdown. Grants have been highlighted as its core personal data reside on the London Councils network;

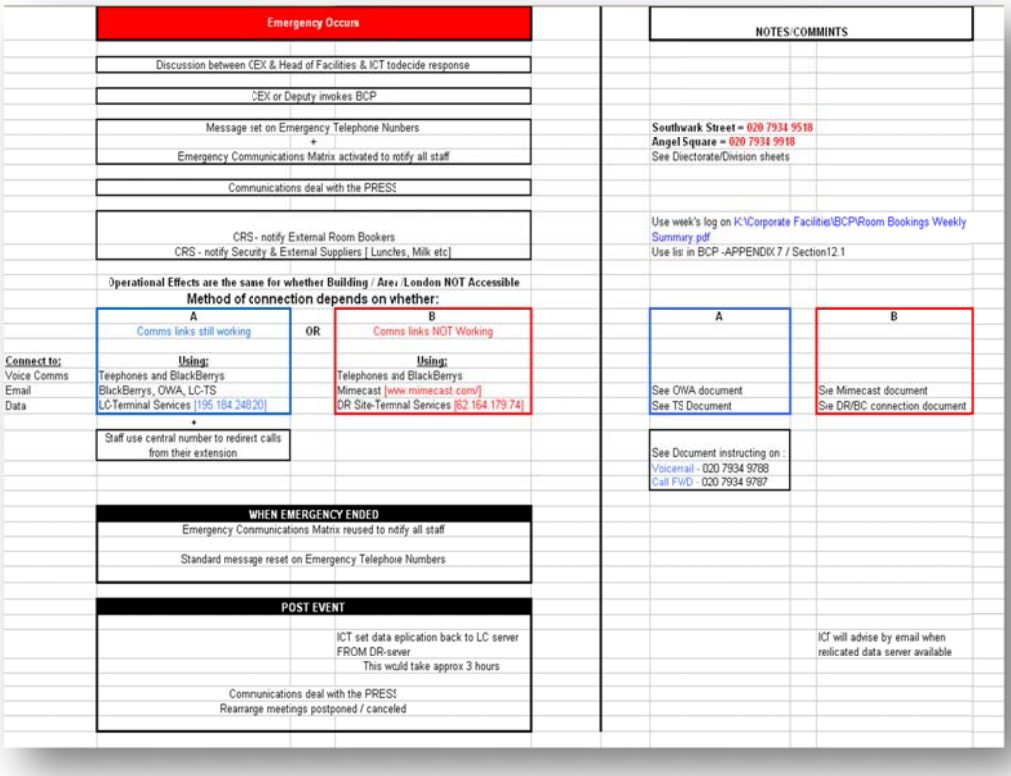
Please also refer to the *Business Continuity - Critical Systems and Associated RTO* documentation.

Urgent Tasks	Separate backup system?	Manual System to provide the service?
Grants payments (GIFTS)	The reports to indicate payments to be made can be produced by the DR site IT system	The reports can be produced manually or electronically to the bank to authorise appropriate payments direct by the bank

7 PLAN SUPPLEMENTARIES

7.1 BCP Actions Summary Sheet

The sheet gives an easy reference at any time the Plan is invoked and is available in the BCP section of the London Councils Remote Access Portal;



	Emergency Occurs		**NOTES/COMMINTS**	
	Discussion between CEX & Head of Facilities & ICT todecide response			
	CEX or Deputy invokes BCP			
	Message set on Emergency Telephone Nunbers + Emergency Communications Matrix activated to notify all staff		**Southwark Street = 020 7934 9518** **Angel Square = 020 7934 9918** See Diectorate/Division sheets	
	Communications deal with the PRESS			
	CRS - notify External Room Bookers CRS - notify Security & External Suppliers [Lunches, Milk etc]		Use week's log on K:\Corporate Facilities\BCP\Room Bookings Weekly Summary.pdf Use list in BCP -APPENDIX 7 / Section12.1	
	Operational Effects are the same for whether Building / Area /London NOT Accessible			
	Method of connection depends on whether:			
	A Comms links still working	**OR** **B** Comms links NOT Working	**A**	**B**
Connect to:	**Using:**	**Using:**		
Voice Comms	Teephones and BlackBerrys	Telephones and BlackBerrys		
Email	BlackBerrys, OWA, LC-TS	Mimecast [www.mimecast.com/]	See OWA document	See Mimecast document
Data	LC-Terminal Services [195.184.248.20]	DR Site-Terminal Services [62.164.179.74]	See TS Document	See DR/BC connection document
	+ Staff use central number to redirect calls from their extension		See Document instructing on : Voicemail - 020 7934 9788 Call FWD - 020 7934 9787	
	WHEN EMERGENCY ENDED			
	Emergency Communications Matrix reused to notify all staff Standard message reset on Emergency Telephone Numbers			
	POST EVENT			
		ICT set data eplication back to LC server FROM DR-sever This would take approx 3 hours		ICT will advise by email when relicated data server available
	Communications deal with the PRESS Rearrange meetings postponed / canceled			

7.2 The BCP Crib Card

A laminated pocket (credit card) sized version of the summary sheet has been created for distribution to all staff ensuring they can retain the necessary information about what should be done in an emergency and also the basic details for connecting to the ICT systems they require to continue the services their Directorate / Division provides.

A copy of this crib card will be part issued as part of the Induction Pack for all new staff recruited;

Emergency Procedures

If you want to confirm if an emergency has been declared:

Ring Emergency Telephone lines:

Staff at Southwark Street - **020 7934 9518**

Staff at Chancery Exchange - **020 7934 9918**

If the **Chief Executive** or deputy has invoked the **Business Continuity Plan you will be contacted** via phone/text, or email if the telephone networks are down by the designated person in your Directorate **Emergency Communications Matrix.** You will be told if you should attempt to reach the building

You should then pass on the message to the staff previously agreed

If you have arranged meetings at 59½ Southwark St

Contact your delegates to advise of postponement meeting details are on:

https://securerds.londoncouncils.gov.uk

Room Bookings Weekly Summary.pdf

WHEN THE EMERGENCY HAS ENDED

1. **The Emergency Communications Matrix will be used to notify all staff**
2. **The standard message will be reset on the Emergency Telephone Lines**

Issued January 2016 version 1.0

To work remotely on normal ICT access

1	Divert your telephone calls	020 7934 **9787**
2	Access voicemail messages	020 7934 **9788**
3	Connect to remote desktop for data, emails & procedures **https://securerds.londoncouncils.gov.uk** (RDS)	
4	Connect to Outlook Web Access **if** you only require email **https://outlook.office365.com** (Outlook Web Access)	

If links to Southwark Street are severed

1	Diverting your telephone calls	**Not available**
2	Accessing voicemail messages	**Not available**
	N.B. BlackBerrys and LC/personal smart phones can still receive email via Office365 and personal phone numbers	
3	Connection for data and email	**RDS**
4	Connection to email only	**Outlook Web Access**

Emergency Communications

I will be contacted by:

Name:)

@

I will then contact:

Name:)

Name:)

Name:)

Other Useful Emergency contacts :

Name:)

Name:)

8 THIRD-PARTY ARRANGEMENTS

There are currently no off-site storage arrangements for documentation of papers.

London Councils have a DR site externally hosted at the Guildhall Justice Rooms that will provide connection to the data copied from our Southwark Street servers.

8.1 Physical Site Arrangements

London Councils operates services from two separate locations. Core services are provided out of 59½ Southwark Street and our Traffic Appeals Service from London Tribunals is provided at Furnival Street, Chancery Exchange.

As the two sites are located within central London limits there is a potential for staff to transfer between buildings depending on the type of emergency and the area of access denied.

London Tribunals staff relocating to Southwark Street can operate from temporary ICT equipment provided by Northgate which can to be positioned in any of the meeting rooms with access to remote systems via the London Councils Cloud Wi-Fi service.

Northgate who manage the ICT service for London Tribunal has its own BCP plan and a copy of this can be found on the London Councils Secure RDS.

For other partners and contracts listed below, as part of their contacts with London Councils are required to have their own Business Continuity Plans to cover their activities performed on behalf of London Councils. These documents will be available on the London Councils RDS portal if provided or their corresponding websites;

Service	Company	Phone Number	Account Number / Contact Name	Email Address
Building Access & Security Door entry, fire alarm	ADT Communications	01732 587000 07720 557803	1000733552 [redacted] (Contract Manager)	[redacted]@tycoint.com
ICT Network Services Desktop, Server and network access, LC issued mobiles	City of London / Agilisys	020 7332 1001 07557 150020	ICT Service Desk [redacted]	col.isservicedesk@cityoflondon.gov.uk [redacted]@agilisys.co.uk
Telephony Avaya telephone system, group setups	Daisy Communications	0330 333 7000	UAJ63236 Service Desk	publicsectorsupport@daisygroupplc.com

Service	Company	Phone Number	Account Number / Contact Name	Email Address
London Councils Mobile Phones For mobile phones issued by London Councils only	Vodafone & O2	020 7332 1001	Your LC mobile phone number / ICT Service Desk	col.isservicedesk@cityoflondon.gov.uk
Photocopiers Service and supply of copier machines and printers	Konica Minolta	0871 5747 200	Support Desk (quote London Councils)	softwaresupport@konicaminota.co.uk
Website Hosting andyludlowawards.org.uk – hosting and maintenance	Orange Bus	020 3752 0294	[redacted]	[redacted]@orangebus.co.uk
LC Intranet Hosting Intranet – hosting and maintenance	Orange Bus	020 3752 0294	[redacted]	[redacted]@orangebus.co.uk
Website Hosting londontribunals.gov.uk – hosting and maintenance	Champion Internet	01241 859108 07757 437526	[redacted]	info@championinternet.com
Website Hosting londoncouncils.gov.uk – hosting and maintenance	Reading Room	020 7173 2800 020 7173 2908	[redacted]	[redacted]@readingroom.com
Main Electricity Supply One of two suppliers of electricity to Southwark Street building **Gas Supply** Main supplier of gas to Southwark Street building	British Gas	0800 048 0202 0800 111 999	959058937 & 972033302 SE1 0AL	customerservice@britishgas.co.uk customerservice@britishgas.co.uk
Secondary Electricity Supplier	Opus Energy	0843 227 2377	388625	
Emergency Electricity Supply to the Area	UK Power Networks	0800 028 0247	SE1 0AL	www.ukpowernetworks.co.uk (regular updates available on UK Power Networks website)
ICT Managed Service - Chancery Exchange	Northgate Public Services	07966 933557	[redacted]	[redacted]@northgate-is.com
Landlord - 59½ Southwark Street	City of London Corporation (City Surveyors Division)	020 7332 3727	[redacted]	[redacted]@cityoflondon.gov.uk
Landlord - Chancery Exchange	Frederick Holt & Company Limited	020 7582 9375	[redacted]	info@frederickholt.co.uk

Full contact list can be found in **Appendix F**

9 FURTHER ADVICE FOR MANAGERS

Establish policies to be implemented during a pandemic

The following policies will be impacted by a pandemic surge:

Sickness

Employees who become ill during a pandemic should be positively encouraged not to come into work and work areas of employees affected by swine flu to be swabbed. We will ensure that employees are made aware of Government advice on how to reduce the risk of infection; for example, information on the intranet with frequent updates and with links to the most responsible sources of information, laminated posters in all washrooms and kitchens

Flexi time

Consideration should be given to relaxing the flexi time rules on accumulating hours and deficits. There may also be occasions where Time off in Lieu or even overtime is appropriate. During the height of a pandemic, core hours can be relaxed to allow staff to stagger hours and avoid peak time travel thus reducing the risk of infection through close contact.

Work from Home

It is likely that expanded working from home arrangements will become necessary and London Councils will need to ensure that the necessary IT support is in place – see additional resources below

Annual Leave

The Gold Team will need to consider whether to refuse requests for annual leave during the height of a pandemic

1. **Allocate resources to protect employees and customers during a pandemic:** The following should be considered as additional resources;

- Consider a workplace immunisation programme once vaccine becomes available
- Ensuring that adequate hygiene (e.g. hand-washing) facilities are routinely available including the provision of anti-bacterial lotion
- Consider more frequent deeper cleans at 59½ and Chancery Exchange - room sprays, review cleaning materials to ensure that they are antibacterial
- Allocate enhanced communications and information technology to support employees working from home

- Provision of a teleconference provider to reduce the requirement for face-to-face meetings
- Ensuring that Health & Safety responsibilities to employees continue to be fully discharged – duty of care

2. Communication with and education of employees

- Dedicated page on the intranet with links to the most up-to-date information and our response plan
- Dedicated telephone number for messaging and identifying a staff member responsible for updating this
- Ensure that cascades are current and understood
- Team briefings and inside 59½ to include pandemic updates

3. Communication with external organisations

- List of key external contacts - CHX, Leaders – updated list/who makes contact etc
- Scan/share/learn from best practice

Key lessons on BCP from adverse weather in February 2012:

- Out of date emergency cascades (now updated with full contact details)
- Access to cascade information was inadequate (now available on web portal)
- Communications had a vital role to play – will the staffing levels be adequate given any projected absence rates?

Financial Implications

- The costs associated with this report are in relation to the number of days' paid leave taken by staff. Overall costs cannot be quantified as it will be dependent on the number of staff absent from work and their rate of pay.
- Influenza immunisation costs between £10 and £20 per employee
- Soap
- Conference calls

Legal Implications

The legal implications of this report refer to London Councils responsibility for the Health & Safety of its employees.

Equalities Implications

There is no adverse impact on any group.

APPENDICIES

Appendix A	Scenario Testing Timetable
Appendix B	Service Impact Analysis Form
Appendix C	Essential Resource Kit
Appendix D	Contacts and Communications Form
Appendix E	Emergency Communications Matrix
Appendix F	Third Party Contacts List
Appendix G	Emergency Response Check List
Appendix H	London CIV - Table of Requirements
Appendix J	Telephone Conferencing Facility
Appendix K	Record of Events
Appendix L	Plan Actions
Appendix M	Street maps - *59 ½ Southwark Street* *Chancery Exchange*

Appendix A SCENARIO TESTING TIMETABLE

2014-15

Date	Description of Test Exercise	Parties Involved in Test	Reporting Results
28/11/2014	DR site connection	Roy Stanley & CoL IS Team	Site installation completed
Qtr to 31/3/2015	Test user connection to DR site	Roy Stanley & selected Southwark Street staff	Data replicated successfully onto second Thecus array
During June 2015	London Tribunals staff provision at Southwark Street	Facilities Team, London Tribunals adjudicators, London Tribunals Admin	London Tribunals staff able to access London Councils RDS

Quarter 1 - 2016-17

Date	Description of Test Exercise	Parties Involved in Test	Reporting Results
Last Friday of each month	Connectivity to Disaster Recovery [D/R] site *	Roy Stanley & CoL/Agilisys networking team	Connectivity testing successful
June 2016	Emergency evacuation tests	All staff in Southwark Street	Rescheduled for September 2016

Quarter 2 - 2016-17

Date	Description of Test Exercise	Parties Involved in Test	Reporting Results
Last Friday of each month	Connectivity to Disaster Recovery [D/R] site *	Roy Stanley & CoL/Agilisys networking team	Connectivity testing successful
July 2016	Telephony failover *	Roy Stanley, Daisy Comm, Avaya	Reporting script failed. Fixed 10/8
September 2016	Remote Access Service capacity testing (post 2FA upgrade) *	All staff at Southwark Street to a maximum of 90 concurrent users	Awaiting completion of 2FA project to commence testing - September 2016
September 2016	Communications cascade testing	Out of hours testing of the communications cascade tree	Rescheduled for September - November 2016
June 2016	Implement outcomes of Communications cascade test	Roy Stanley, BCP Silver Team	As above

Quarter 3 - 2016-17

Date	Description of Test Exercise	Parties Involved in Test	Reporting Results
Last Friday of each month	Connectivity to Disaster Recovery [D/R] site *	Roy Stanley & CoL/Agilisys networking team	Connectivity testing successful
October 2016	Full data recovery and restore testing *	Roy Stanley & CoL/Agilisys server team	
October 2016	Network penetration testing (external) *	Roy Stanley & CoL/Agilisys networking team	

Quarter 4 - 2016-17

Date	Description of Test Exercise	Parties Involved in Test	Reporting Results
Last Friday of each month	Connectivity to Disaster Recovery [D/R] site *	Roy Stanley & CoL/Agilisys networking team	
February 2017	Full data recovery and restore testing *	Roy Stanley & CoL/Agilisys server team	
February 2017	Network penetration testing (external) *	Roy Stanley & CoL/Agilisys networking team	

* Further detail covering each test can be found in the **Critical Systems and Associated RTO** document under Testing Models

Appendix B BUSINESS IMPACT ANALYSIS COLLECTION SHEET

Directorate:	
Division:	
Team or Section:	
Date:	

Guidelines for completion of the form: Enter the details of the service to be analysed.

Column A: How necessary is the service in an emergency? Do you have statutory duties? Does your service have a direct impact on the public (e.g. refuse collection, meals on wheels)?

Column B: How long can the service recipient last before they really need that service?

Column C: Could part or all of this service be provided by alternative means, perhaps through another team or agency for a short period of time? How much of the service can be provided this way?

Column			**Key**		
A	*5 = vital*	*4* = high	3 = medium	2 = low	1 = non vital
B	*5* = not at all	4 = 1 day	3 = 2 days	2 = 3 days	1 = 4 days
C	5 = none	4 = 25%	3 = *50%*	2 =*75%*	1 = *100%*

Score	**Requirement for continuity of service delivery**
Up to 125	Vital
Up to 100	High
Up to 75	Medium
Up to 50	Low
Up to 25	Non vital

Please complete and return to roy.stanley@londoncouncils.gov.uk

A) Building NOT accessible :-

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

B) Immediate area NOT Accessible (Cannot get into Bankside area):-

Only complete any items changed from [A] above

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

Appendix C ESSENTIAL RESOURCE LIST

Directorate:	
Division:	
Team or Section:	
Date:	

Guidelines for completion of the form: Enter the essential resource required (not standard office equipment e.g. desks, chairs, mouse mats etc) for the delivery of the service in the first column. Then,

Column A (Priority) : How essential is it (e.g. specific software package) to the delivery of the service?

Column B (Risk) : How long can the service run without that particular item?

Column C (Alternative) : Could part or all of it be provided by alternative means, perhaps through another provider for a short period of time?

Column			**Key**		
A	*5 = vital*	*4* = high	3 = medium	2 = low	1 = non vital
B	*5* = not at all	4 = 1 day	3 = 2 days	2 = 3 days	1 = 4 days
C	5 = none	4 = 25%	3 = *50%*	2 *=75%*	1 = *100%*

Score	**Requirement for continuity of service delivery**
Up to 125	**Vital**
Up to 100	**High**
Up to 75	**Medium**
Up to 50	**Low**
Up to 25	**Non vital**

Please complete and return to Roy Stanley at roy.stanley@londoncouncils.gov.uk

A) Building NOT Accessible :-

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

C) Whole of London NOT Accessible (Cannot get into Capital) :-

Only complete any items changed from [A] and [B] above

Equipment	A: Priority	x	B: Risk	x	C: Alternative	=	Score
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

Appendix D CONTACTS & COMMUNICATIONS

Staff Emergency Contact Details

The HR team communicate full contact details, by way of an Excel spreadsheet, for all staff by Directorate on a regular basis and when any staff changes occur. [See Example at the end of this section]
The same notification is given as a separate file for the temporary staff being utilised currently.

Directorates/Divisions should make arrangements to have these details available at all times, both on and off site. A suitable Emergency Communications Matrix for cascading any communication in the event of an emergency is to be documented by each Directorate/Division to ensure ALL staff are made aware of the position and the course of action the organisation has decided to take in the quickest possible time.

To help staff be informed as quickly as possible and where it is possible for the Emergency Communications Matrix to break down (in any major emergency or potential terrorist threat the mobile networks are possibly restricted by the emergency services) London Councils has set two Emergency Helpline numbers that will give a recorded message;

Emergency - Southwark Street 020 7934 **9518**
Emergency - London Tribunals 020 7934 **9918**

A copy of this plan and the contact details of priority staff in your own particular Directorate/Division (plus their particular responsibilities and other skills) should be kept up to date and retained personally for use at any time. The information required is as shown in the table below;

Name	
Home Phone	
Mobile Phone	
Personal Mobile	
E-Mail	
Responsibilities	
Other Skills	

Staff Contact Details

Below is the minimum information required from each member of London Councils staff and to be held by the appropriate PA / Support Services Group admin (see section 1.6) and line manager;

Surname	Forename	Home Telephone	Mobile Telephone	Personal E-mail Address

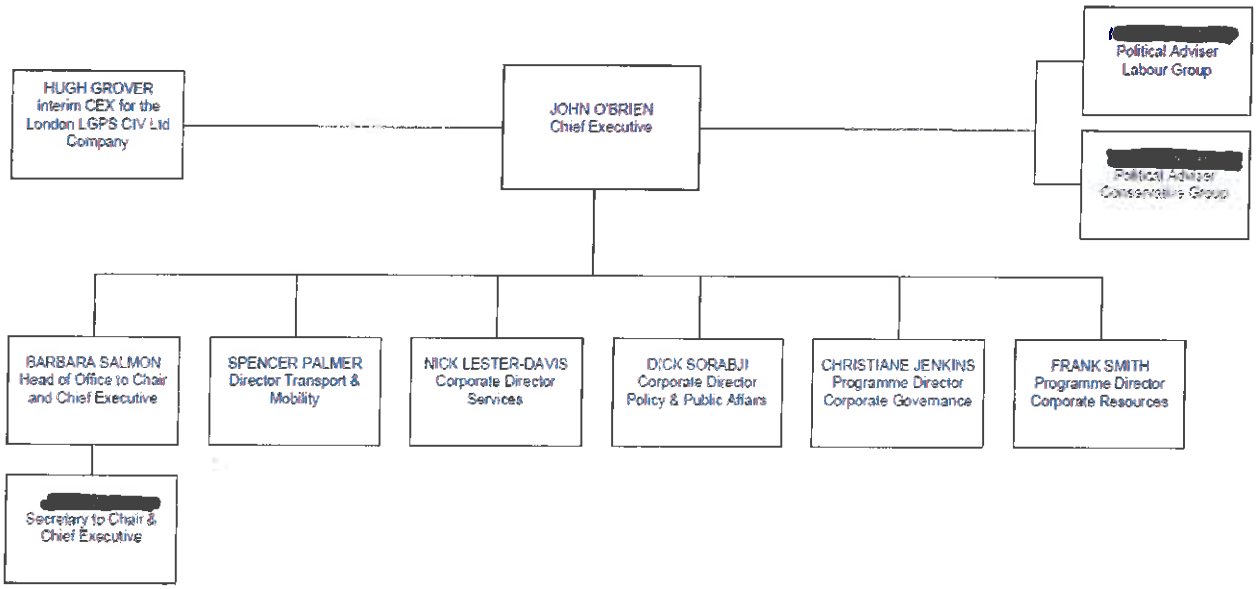
Appendix E EMERGENCY COMMUNICATIONS MATRIX

The **Gold Team** members at the top of each structure will trigger the cascade to managers and then onto staff they are responsible for. The Admin leads at the foot of each structure chart are responsible for the maintenance and distribution of the cascade list to Heads and managing staff which will consist of data collected as outlined in Appendix C. Please update your PA / Admin staff leads below with your contact details as soon as you have them;

Structure charts as of May 2016

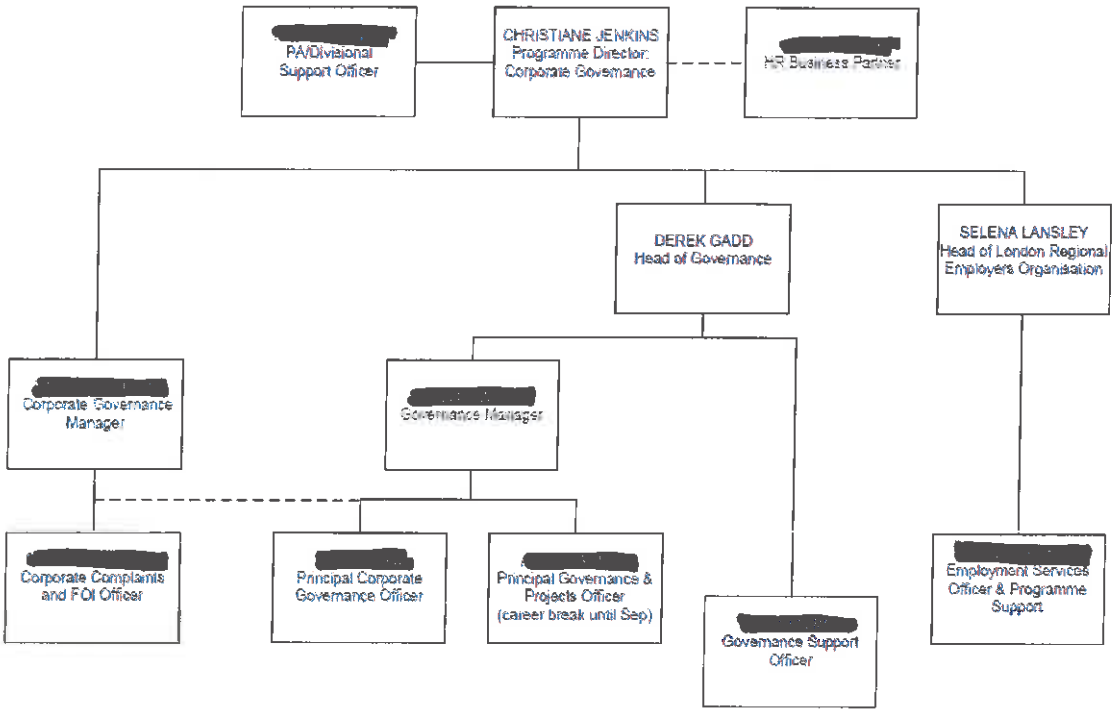
59½ Southwark Street Staff

The Chief Executive's Office (1st Floor East)



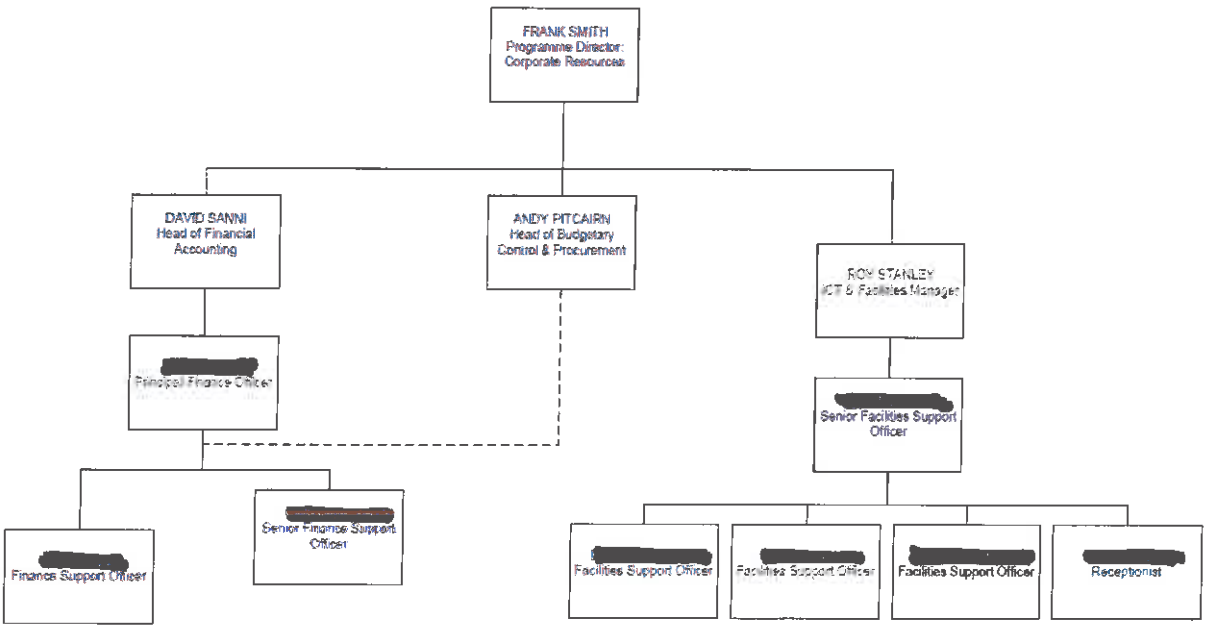
This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

Corporate Governance (4th Floor West)



This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

Corporate Resources (Ground Floor West)



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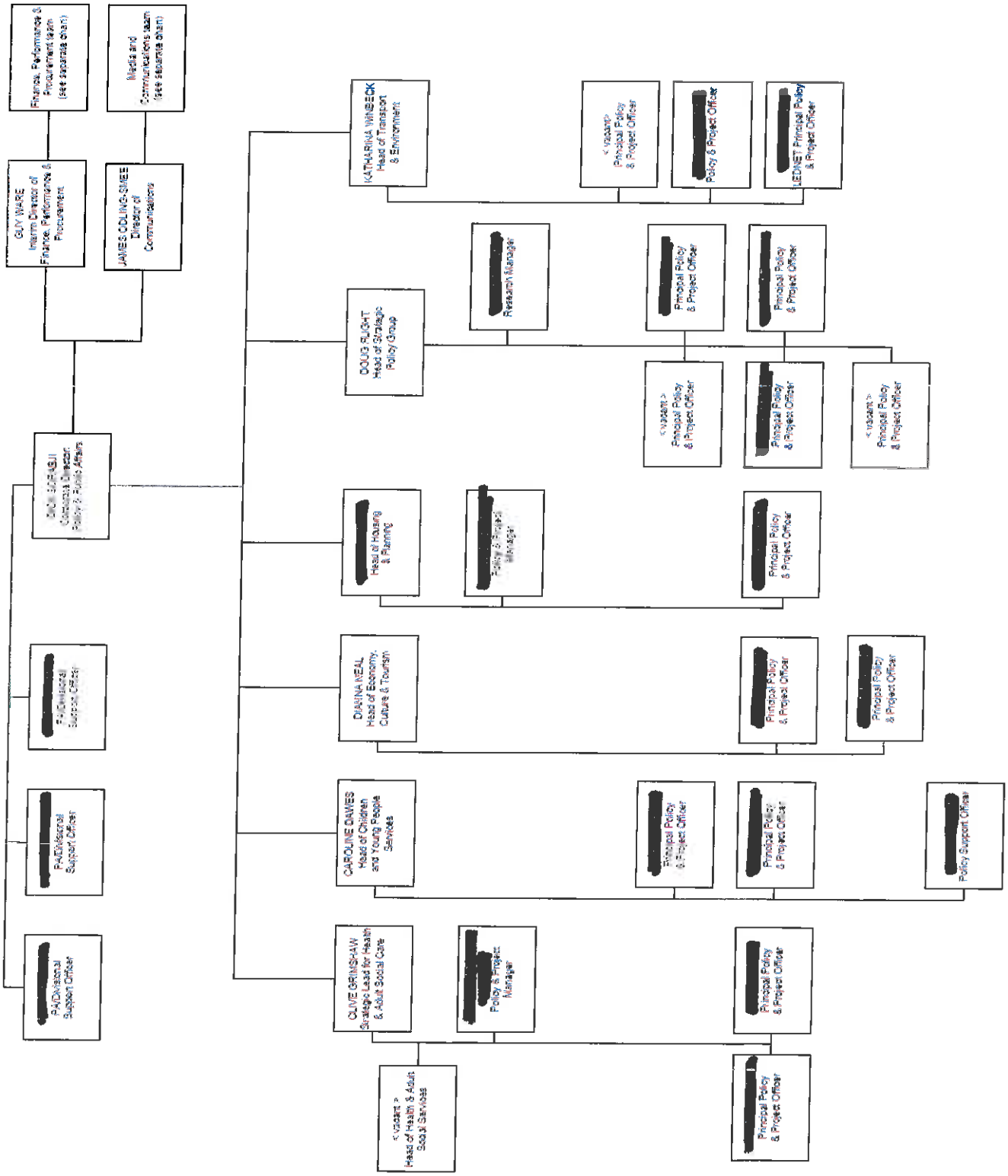
Policy & Public Affairs (3rd Floor East & West)



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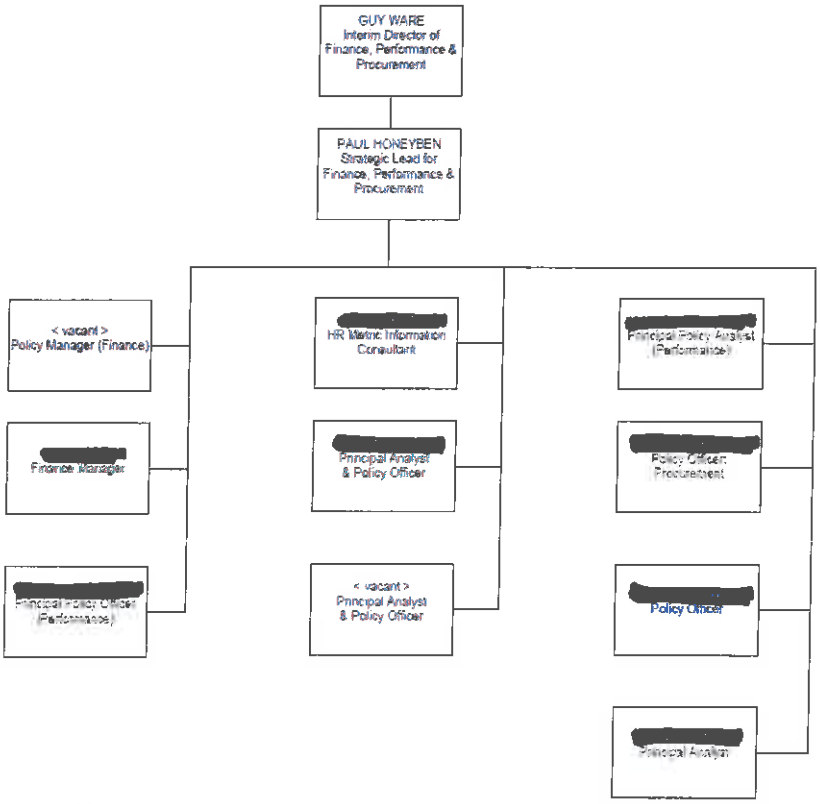
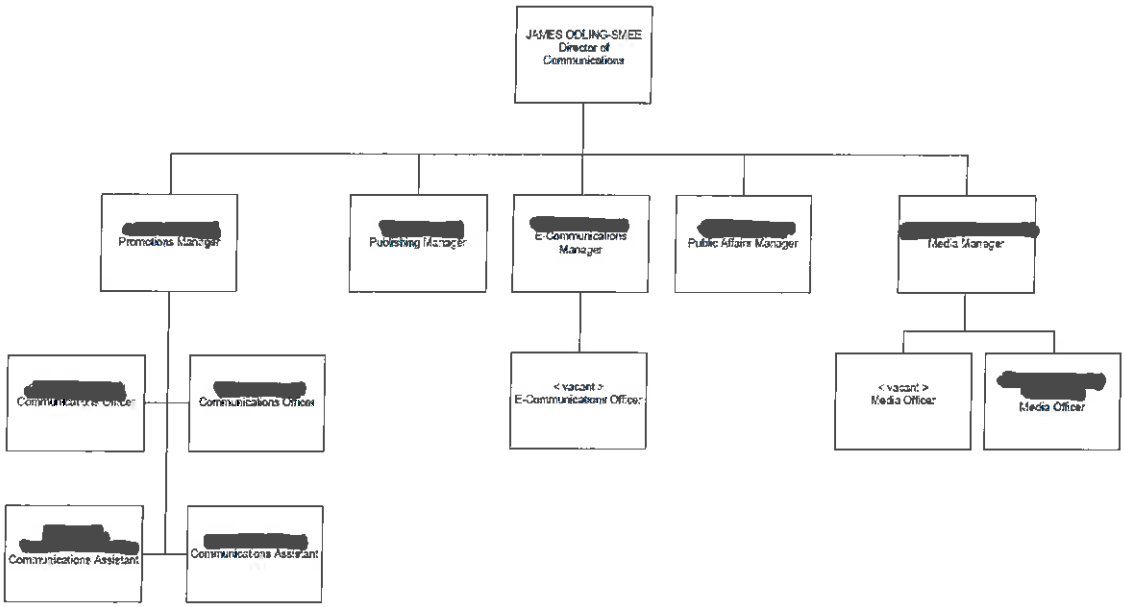
PAPA - Fair Funding Team (3rd Floor West)



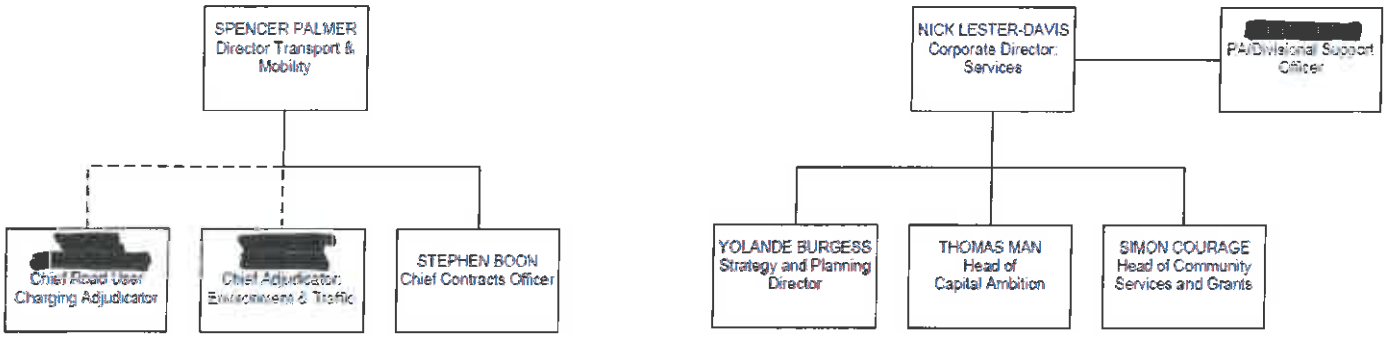
This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

PAPA - Media & Communications (3rd Floor West)



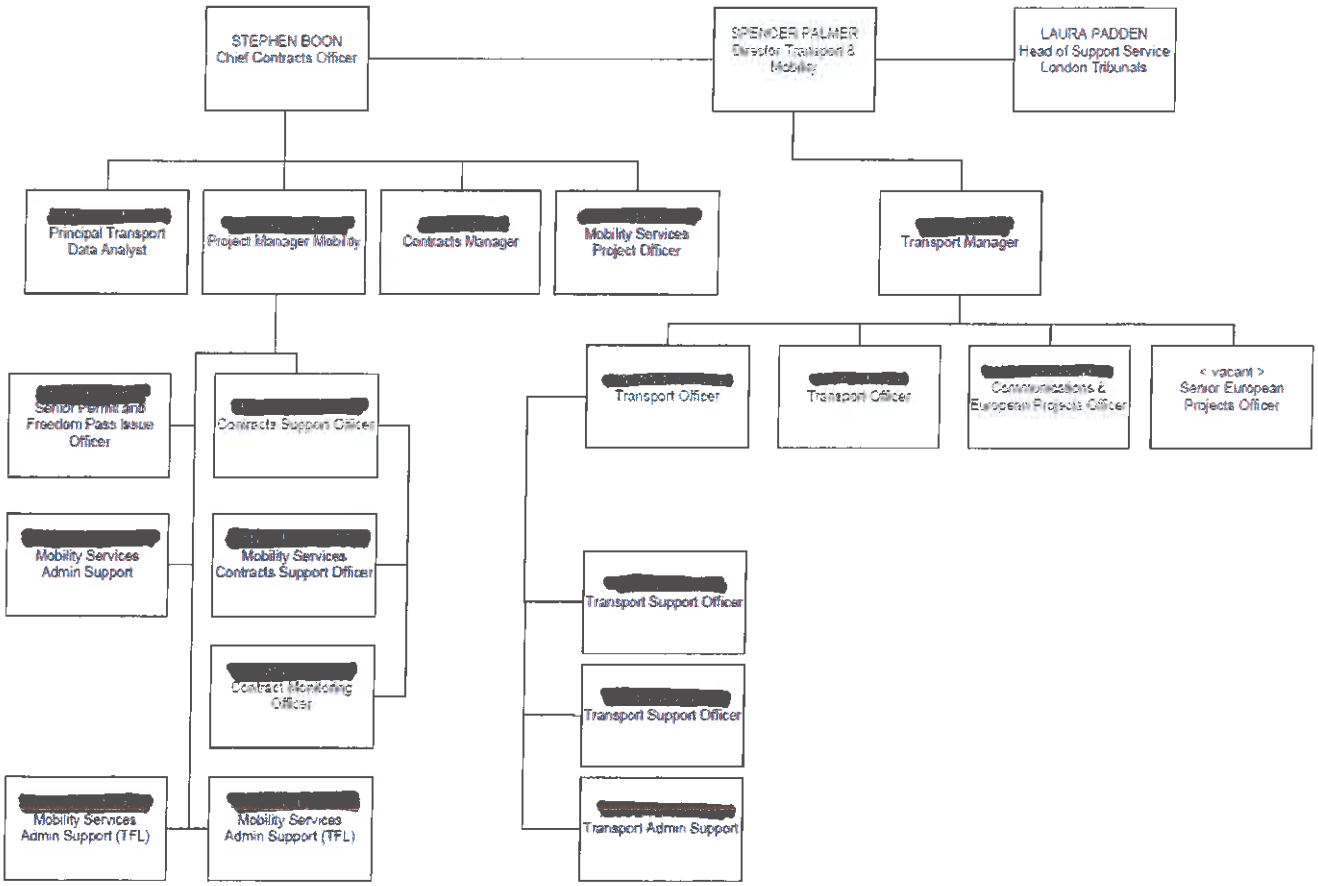
This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

Services - Management Team (Southwark Street and Chancery Exchange)



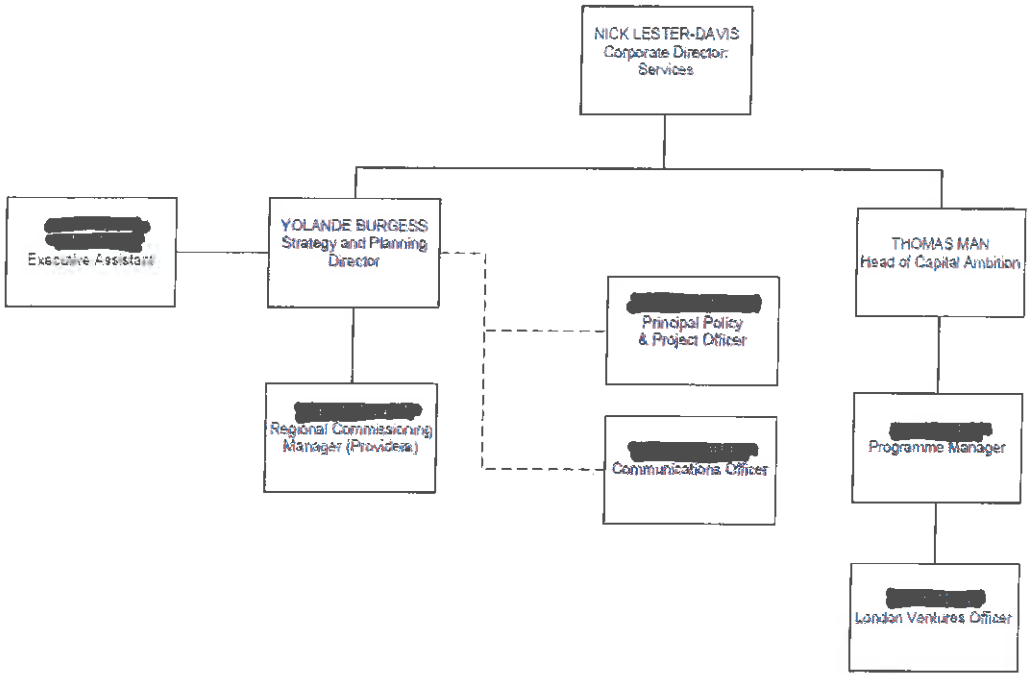
This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

Services - Transport & Mobility (2nd Floor East)



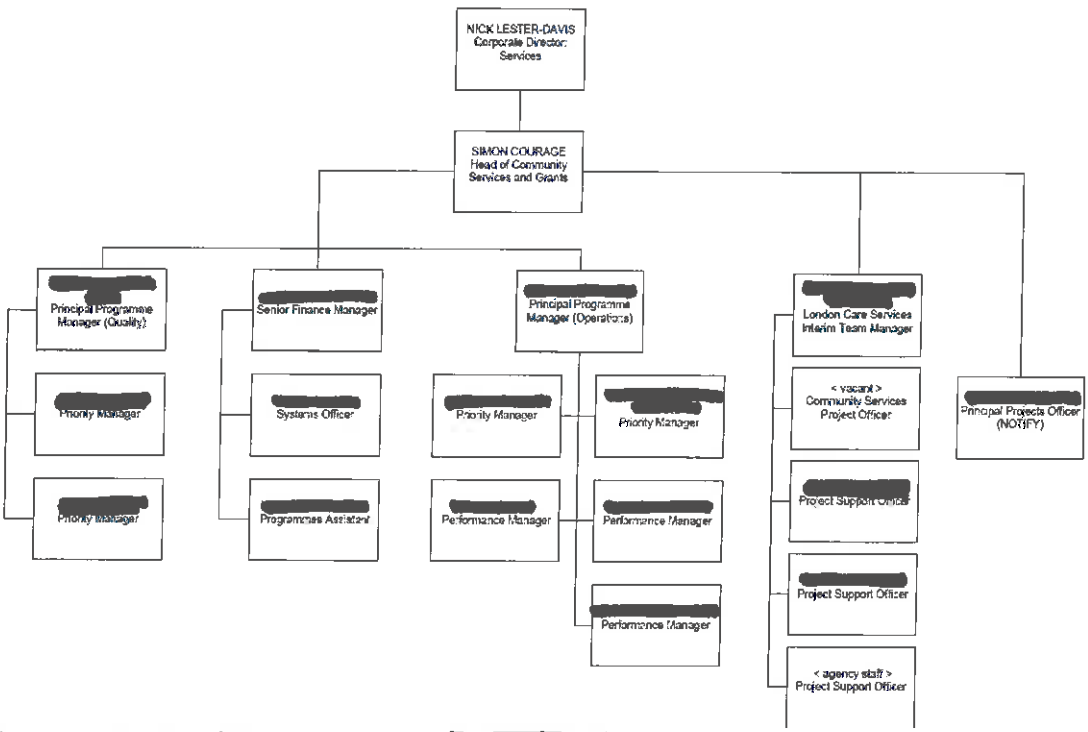
This communications list is maintained by [redacted] [redacted]@londoncouncils.gov.uk)

Services - Young Peoples Education & Skills / Capital Ambition (2nd Floor West)



This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

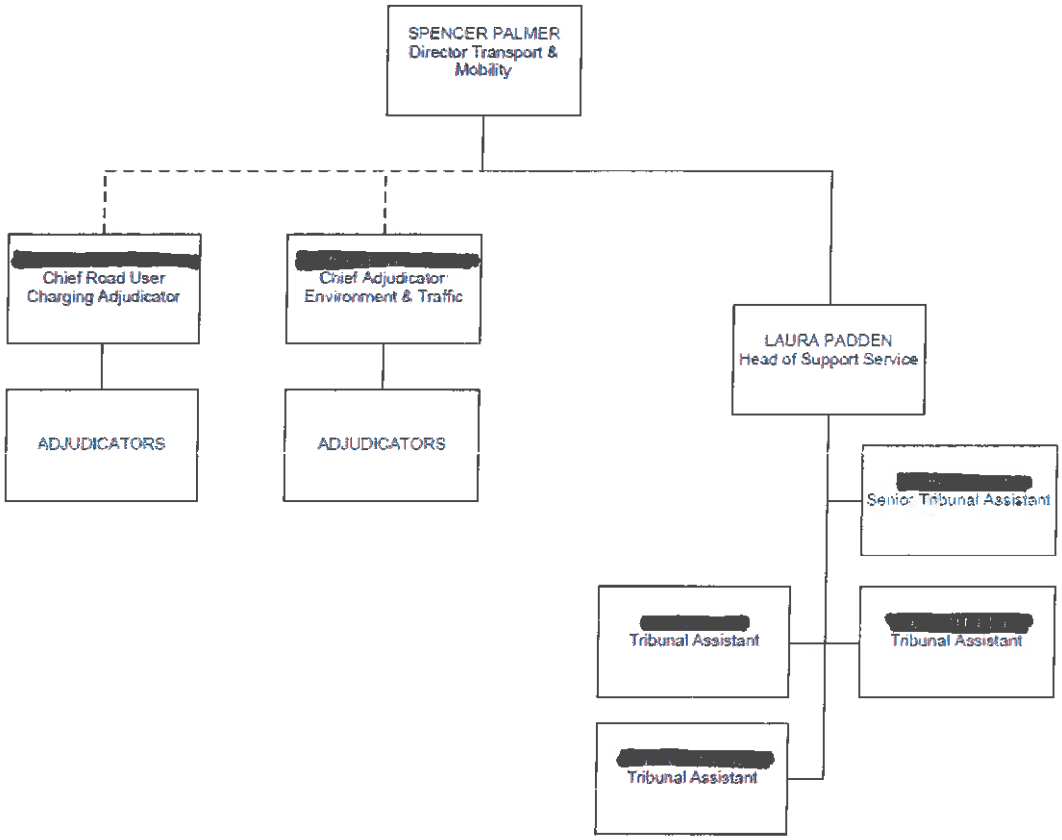
Services - Community Grants (2nd Floor West)



This communications list is maintained by [redacted] ([redacted]@londoncouncils.gov.uk)

London Tribunals Staff

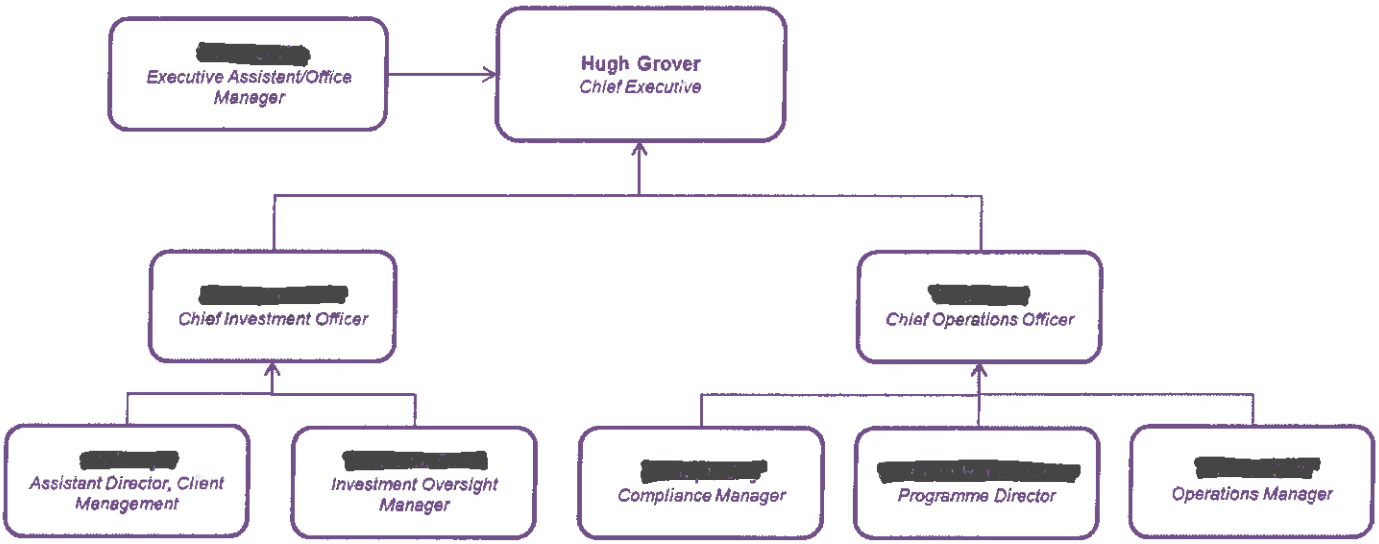
Chancery Exchange (Furnival Street)



This communications list is maintained by [redacted] [redacted]@londoncouncils.gov.uk)

LONDON CIV

(Ground Floor East, 59½ Southwark Street)



This communications list is maintained by [redacted] ([redacted]@londonciv.org.uk)

Appendix F THIRD PARTY CONTRACTS LIST

This is to provide communications with those services we would need to cancel in the event of an emergency, e.g. regular daily courier, and also those that we might need for emergency help e.g. glazier, electrician etc.

A detailed list is attached below;

Company	Service	Phone Number	Account Number / Contact Name	Email Address
4 Tel	0300 helpline no.	0333 320 8020	106349	accounts@4telgroup.com
Absolute Hygiene Solutions	Janitorial Suppliers	0208 317 9693	[redacted]	enquiries@absolutehygienesolutions.com
ADT	Door entry, fire and security	01732 587000 07720 557803	1000733552 [redacted] (Contract Manager)	[redacted]@tycoint.com
Apollo Janitorial Supplies	Janitorial Suppliers	0208 520 7102	101647	
Arc Electrical	Electricians	0207 407 4398	LON025	sales@arc-electrical.co.uk
ATOC	Rail settlement	0121 335 7789	PX663	automatedsettlement@atos.net
Bolton Gate	Shutter Maintenance	0208 570 5250		
Eden Caters Ltd	Catering	020 7378 8182 020 7378 8490 (Fax)	LONDONCOUN	info@eden.co.uk
British Gas	Gas and Electricity Provider	0845 026 4652		
BT	Telephone Provider	0845 600 6156		
Buzzacott LLP	GIFTS Maintenance	020 7556 1406 Administrator 020 7556 1298 (Hatty Whitworth)	A0062/BCG/CF [redacted]	[redacted]@buzzacott.co.uk
[redacted]	Building Maintenance	0208 764 6995		[redacted]@hotmail.co.uk
CityFleet	Taxicard booking line	020 7908 0334	[redacted]	[redacted]@cityfleet.co.uk
City Sprint	Couriers	0844 888 4111	C17698	
Clinton	Window Cleaner (Southwark St)	07811 682 781		
City of London IT	ICT Support	020 7332 1001		col.isservicedesk@cityoflondon.gov.uk
City of London Surveyors	Building Structure & Insurance	0207 332 1517		
COAL Services	Security Maintenance	01708 559 799	LONDON CO	
Konica Minolta	Photocopier Engineers	0207 392 8886	508	
Dial-a-Cab	Taxi Services	0207 253 6969	16749 (Password = VOICE)	
ESP Systex Limited	Freedom Pass CMS	01482 348500	LNC1	Systex@the-espgroup.com

Company	Service	Phone Number	Account Number / Contact Name	Email Address
Farringdon Locksmiths	Lock repairs and emergencies	0207 837 5179		[redacted]@farringdonlocksmiths.co.uk
First Mile	Refuse Collections / Recycling	0800 612 9894	London Councils	
GS Plus Ltd	Cleaners	07852143010	[redacted]	[redacted]@hotmail.com
Highgate Dairies	Milk	07957 333 564	[redacted]	[redacted]@hotmail.com
Integral	Air Conditioning Engineers	0208 544 3500	005972	
ITSO	ISAMS	01908 255 455	LON002	Finance@itso.org
Journey Call	Freedom Pass Helpline call centre	01241 730 300	LNC1	[redacted]@journeycall.com
Kingsway	Paper supplies	0208 659 6500		
Kone	Lift Engineers	01535 662 841	10326998	

Northgate Public Services	Managed Services	07966 933557	[redacted]	[redacted]@northgate-is.com
OCG Office Supplies	Stationery (inc. Paper)	01903 830053		
OCS Safety	Eye Bolt Engineers	01977 668771		
Reed Agency	Temp Staff Agency	0207 403 2424	TASS0012	
Royal Mail	Postage for Freedom Pass		040218200	
OPUS	Electric Provider – Main Offices	0843 227 2377	388625	
Oxford Web Applications	IT Provider	01865 920 835	London Councils – Notify.	[redacted]@oxfordwebapps.co.uk

Company	Service	Phone Number	Account Number / Contact Name	Email Address
Peros	Catering Suppliers (coffee etc)	01494 436426	FCALG001	
Royal Mail	Mail and Postage	08457 950950		
Save-a-Cup	Cup Recycling	01494 510167	LONDONCO	
Scottish Power	Electric Provider – 2nd Floor	0845 273 4444		
Shred-It	Confidential Waste	0208 221 2363	10808441	
Sterling Media	Print Work for 59½ Southwark Street	0208 847 2128 07889 403770	[redacted]	sterling.media@btinternet.com
St John's Ambulance Supplies	First Aid Suppliers	0207 278 7888	D-904429	
Thames Water	Water Providers	0845 9200 888		
Transport for London	Transport Network	0343 222 1234		
Union Newsagents	Milk/Newspapers Suppliers	0207 407 2652		
Zepbrook	Catering Suppliers	0208 752 0110	68	orders@zepbrook.co.uk
Zip Security (Southwark Street)	Security Guards (morning, evening and emergency call out)	020 7582 8111 Mobile: 07779 062423	[redacted]	south@cleanology.com

Appendix G EMERGENCY RESPONSE CHECKLIST

For use during an emergency

- **Start a log of actions taken:** ☐
- **Liaise with Emergency Services:** ☐
- **Identify any damage:** ☐
- **Identify Functions disrupted:** ☐
- **Convene your Response / Recovery Team:** ☐
- **Provide information to staff:** ☐
- **Decide on course of action:** ☐
- **Communicate decisions to staff and business partners:** ☐
- **Provide public information to maintain reputation and business:** ☐
- **Arrange a debrief** ☐
- **Review Business Continuity Plan** ☐

Appendix H: LONDON CIV (Tenant) - TABLE OF REQUIREMENTS

Scenario 1: London CIV - Loss of systems/network access

Circumstances	Activity	Tier (Risk exposure)	Actions		
			What	How	Who
The loss of systems and/or access to London Councils shared network drives:	Investment Oversight Operations Oversight Compliance	2 (Medium exposure)	1. Disruption of access to London Council's servers will be raised to London Council's IT Support. 2. Disruption to vendor applications will be raised to the vendor (e.g. Northern Trust Portal,)PwC myFinancePartner and Barclays Online Banking) 3. Unavailability of email and/or shared folders.	1. Alternate access can be obtained through the London Council's remote access service. This service is administered by City of London Corporation 2. Vendor application disruptions will be raised directly to the vendor with a response expected within the agreed SLA. Vendor contact details can be found in the Appendix B. 3. In the event the London Councils service is unavailable, staff will have access to email via https:/outlook.office365.com. Details of critical applications, including alternative access, are included in Appendix D of this document.	The COO or deputy will assess the persistency of the outage and instruct staff to move to failover processes when deemed necessary.

Scenario 2: London CIV - Loss of premises					
Circumstances	**Activity**	**Tier (Risk exposure)**	**Actions**		
			What	**How**	**Who**
The loss of premises including disruption owing to interruption of electricity, gas and water supplies (0.5 – 24 hours)	Investment Oversight Operations Oversight Compliance	3 (Low exposure)	1. Staff can work locally in an alternative WI-FI connected venue. 2. Staff can be stood down 3. Staff relocate to the off-site location. 4. Staff can work from home.	1. Remote Access Data and emails can be accessed remotely using London Council's 'Remote Desktop Service'. To divert telephone calls - 020 7934 9787 To access voicemail messages - 020 7934 9788 Connect to Outlook Web Access for email access https:/outlook.office365.com 2. The COO will decide whether to stand down staff All employees will have access to the 'Remote Desktop Service' through a personal computer. Executive level employees will be provided with a company laptop for use away from the office. N.B. Utilities are provided under a license agreement from London Councils. The premises have provision of a	1. In the first 24 hours of disruption the COO, in conjunction with the other Executive team members, will decide on alternative business continuation arrangements. A decision will be made dependent on the nature, and anticipated duration, of the disruption event.

				back-up generator which can be used for temporary power outages. London CIV are tenants of 59½ Southwark Street, London SE1 0AL, premises owned and maintained by London Councils. London Councils maintain a Business Continuity Plan (BCP) which covers all tenants of the building, current version 'LC Business Continuity Plan – v21 January 2015'.	
The loss of premises including disruption owing to interruption of electricity, gas and water (> 24 hours)	Investment Oversight Operations Oversight Compliance	1 or 2 (Medium to High exposure)	1. Staff work from home 2. Staff are advised to work from alternative site	1. Staff connect via remote access 2. Staff will be notified by the COO of the requirement to use the alternative site	1. In the event that staff are advised to work from home, they will be notified by the COO. 2. In the event that the off-site is required, the COO will provide advance notification to Royal Borough of Kingston (RBK) of the need to use the site. The COO will provide staff with details of whom to contact when they arrive on site.

London CIV - Critical IT Applications (continued)

Application	Usage	Severity of impact if lost 1 = severe; 2 = serious; 3 = minimal	Alternative Access	Website Address
Microsoft Outlook	Email	2 - Serious	Remote Access Portal / Office365	https://outlook.office365.com
Microsoft Office	Desktop Applications	3 - Minimal	Remote Access Portal	https://office365.com
Internet	Secure Access	3 - Minimal	Remote Access Portal	https://office365.com
Shared Folders	Data Storage	2 - Serious	Remote Access Portal	https://office365.com
Bloomberg Anywhere	Investment Monitoring	3 - Minimal	Web Portal	https://bba.bloomberg.net/
Northern Trust Portal	Fund Administration	2 - Serious	Web Portal / Email	https://m.northerntrust.com/passport-login
Barclays Business Banking	Online Banking services	2 - Serious	Telephone, Branch access	https://bank.barclays.co.uk/olb/auth/LoginLink.action

Appendix J TELEPHONE CONFERENCING FACILITY

The BT Conferencing MeetMe service can be utilised to team-work or continue with meetings away from the office. The service will allow from three to 99 participants to dial into a called conference. There are nine conference facilities available from London Councils managed by the conference booking leads for each divisional service.

It is important that the use of this facility is co-ordinated via the conference booking leads below so there is no overlap or duplication in setting up a conference at any given time. The booking leads will provide you with the necessary chair and participant passcodes as well as available slots for your particular service area and meeting times;

Divisional use	Booking Leads	Email address of booking leads
CHX, Leaders & Political Advisors	[redacted]	[redacted]@londoncouncils.gov.uk
Services	[redacted]	[redacted]@londoncouncils.gov.uk
	[redacted]	[redacted]@londoncouncils.gov.uk
PAPA	[redacted]	[redacted]@londoncouncils.gov.uk
	[redacted]	[redacted]@londoncouncils.gov.uk
	[redacted]	[redacted]@londoncouncils.gov.uk
Governance & HR	[redacted]	[redacted]@londoncouncils.gov.uk
Corporate Resources	[redacted]	[redacted]@londoncouncils.gov.uk
London CIV	[redacted]	[redacted]@londonciv.org.uk

Dialin Numbers

United Kingdom Freefone: 0808 100 5145
United Kingdom Primary: 0844 561 0081

Global Access Numbers

For a complete list of dialin numbers available by country, please visit:
http://www.btconferencing.com/globalaccess/?bid=812_public

Global Access Numbers will allow any international participants to dial in to your BT MeetMe conference using the toll free or local numbers above. Give these to participants who are outside the UK, or use them yourself if you are travelling outside the UK.

Video Conferencing - Skype

A part of our deployment of Office 365 + London Councils staff will also have access to **Skype for Business** facilities that will be available across most smart phones and tablet platforms. The service will not be available until the summer of 2016 whilst capacity testing is concluded.

Appendix K RECORD OF EVENTS

Log of occasions the BCP is called into use.

Time	Detail	Initials

Appendix L PLAN ACTIONS

Actions to be implemented to complete the Plan

Action	Target Date	Completion Date
1)		
2)		
3)		
4)		
5)		
6)		
7)		
8)		
9)		
10)		
11)		
12)		
13)		
14)		
15)		

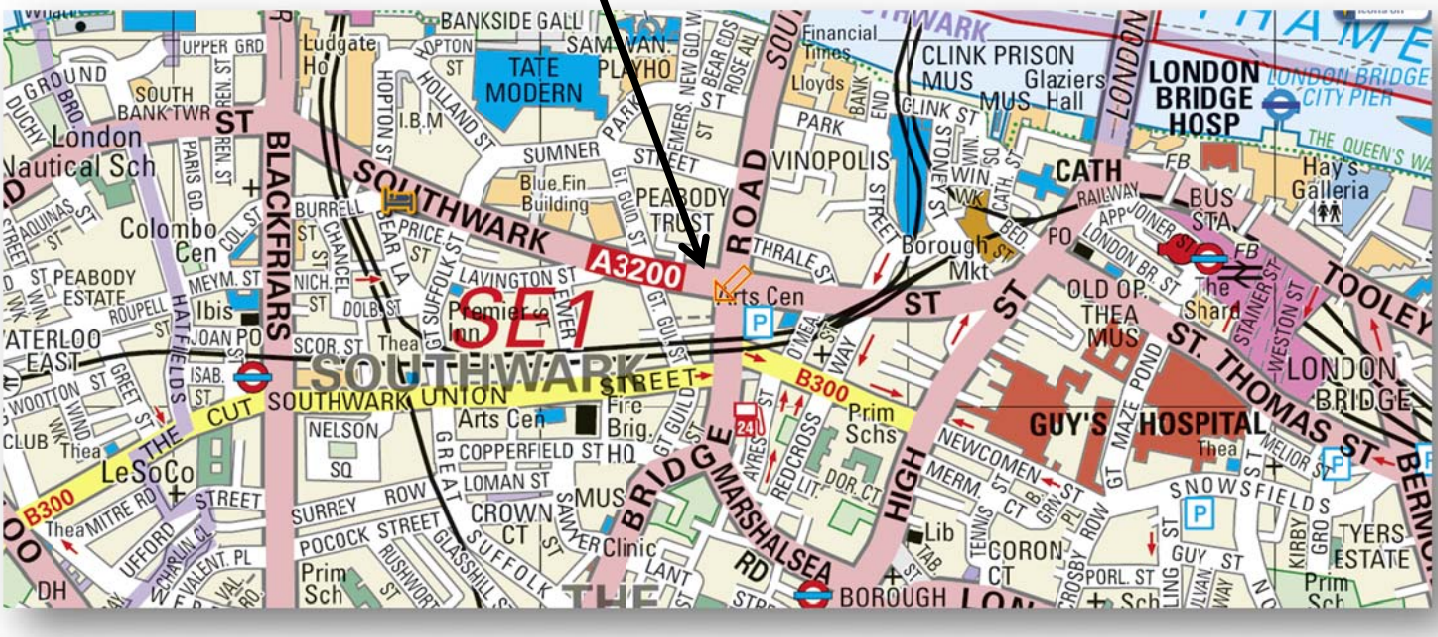
Mitigations already in place

Risk / Issue	Control

Appendix M STREET MAPS

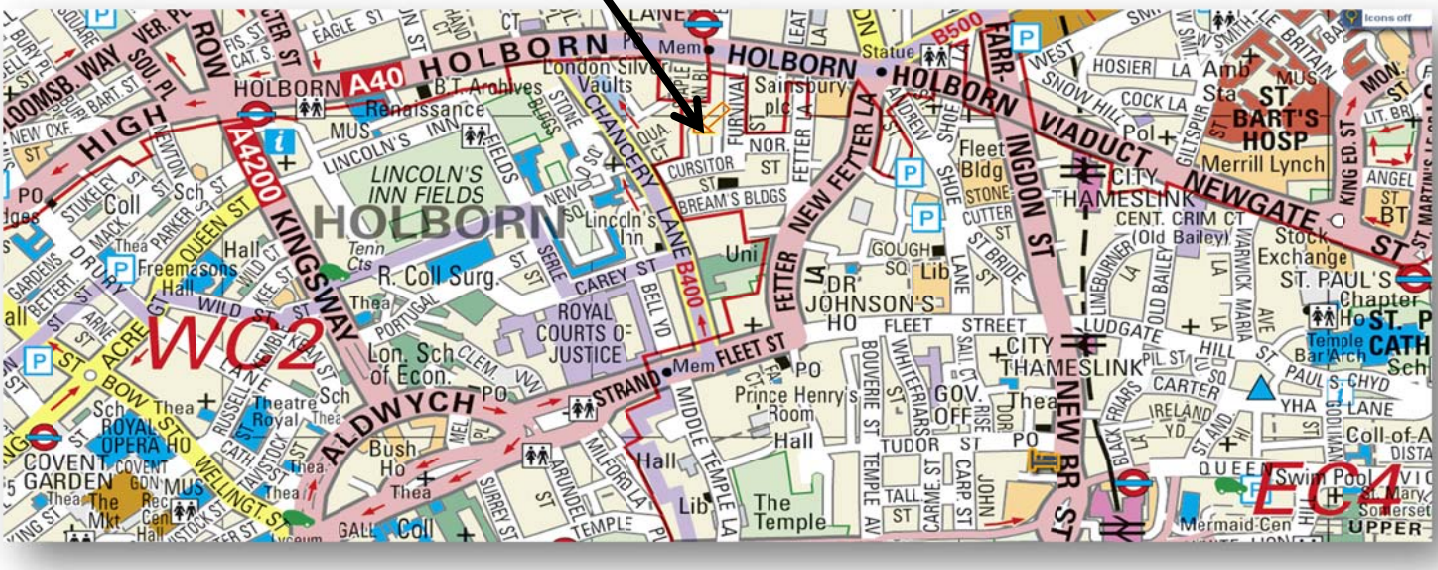
London Councils
59 ½ Southwark Street
London
SE1 0AL

Nearest Tube: London Bridge
(Jubilee & Northern Lines)
Bus Stop alight: Southwark Bridge Rd
Maps navigation: SE1 0AL



London Tribunals
Chancery Exchange
10 Furnival Street, Ground Floor
London, EC4A 1AB

Nearest Tube : Chancery Lane
(Central Line)
Bus Stop alight: Chancery Lane Stn
Maps navigation: EC4A 1AB



GLOSSARY

2FA *Two Factor Authentication*. Second level of security required to access the London Councils Remote Access Service

BCF *Business Critical Function*. A key service/function that must be restored within the first 24 hours

BCP *Business Continuity Plan*. The agreed document of action in an emergency situation

CHX *Chief Executives*. John O'Brien and the Leaders' office

CoL *City of London Corporation*. London Councils partner for IT, HR, estates and finance services

CR *Corporate Resources*. Department managed by Frank Smith

DR *Disaster Recovery*. Action and activities taken to recover from a disaster situation

H&S *Health and Safety*

HR *Human Resources*. Service provided by the City of London

ICT *Information & Communications Technology*

IS *Information Systems*. The ICT arm of City of London Corporation

LC *London Councils* (also referred to as '*ELSIE*')

LT *London Tribunal*s. Service operating out of Chancery Exchange

OWA *Outlook Web Access*. Web version of your email available from any internet connected pc

PaPA *Policy & Public Affairs*. Policy services division overseen by Dick Sorabji

RDS *Remote Access Service*. Facility to access the London Councils network and services securely away from the office

RTO *Recovery Time Objective*

SS *Southwark Street*. Main offices at 59½

T&M *Transport and Mobility Services*. Department managed by Spencer Palmer

ADDENDUMS TO FORMAL SIGN-OFF

The main plan was signed off on **21/04/2016**

Alterations or additions to this version since then are as follows:-

Action	Section Amended	Date of Change
Update of Qtr 1 testing data	Appendix A	July 2016

Audit Committee

Internal Audit Reviews Update Item no: 09

Report by: David Sanni **Job title:** Head of Financial Accounting

Date: 22 September 2016

Contact Officers: Pat Stothard, Head of Audit & Risk Management (City of London Corporation)

Jeremy Mullins, Audit Manager (City of London Corporation)

Telephone: 020 7934 9704 **Email:** pat.stothard@cityoflondon.gov.uk

jeremy.mullins@cityoflondon.gov.uk

Summary

The purpose of this report is to provide the committee with an update of internal audit work that has been undertaken since the last committee update report made at the June 2016 meeting.

Work on the 2016-17 Internal Audit Plan is progressing: one audit of London Council Grants has been completed to final report stage and one audit of Procurement of Goods and Services has been completed to draft report stage. The fieldwork of a further audit of Key Financial Controls is currently on-going.

Recommendations

The Audit Committee is asked:

- To consider and comment on the contents of the Grants review attached at Appendix B;
- To note the position on outstanding internal audit recommendations detailed in the log attached at Appendix C; and
- To note that there were no significant control weaknesses identified in the reviews completed during the period.

Background

1. At its meeting on 24 March 2016 the Audit Committee approved the internal audit plan for 2016/17 that was proposed by the City of London's Internal Audit section under the terms of the service level agreement for financial support services.

2. The status of the 2016/17 is summarised in the progress report included at Appendix A.

Internal Audit Review

Grants

3. Information was reviewed relating to grant funded projects within the grants data base system 'GIFTS'. In addition, discussions were held with the Principal Grants Manager and members of the Grants Team to ascertain procedures over applications, monitoring, financial checking and value for money.

4. Based on sample testing and discussion with staff, this review concluded that, generally, there is a satisfactory level of control over: checking and assessing applications for funding; monitoring project progress to agreed outcomes; and assessing performance and the achievement of value for money. The general monitoring framework, in place, is sound; however, scope exists to improve the processes for checking the financial stability of organisations prior to and during funding. (For example, obtaining three sets of accounts for applicants at application stage; increasing the number of financial checks undertaken on accounts in response to the following the closure of Eaves Housing For Women charity; and logging checks made on the GIFTS system).

5. Management accepted all three recommendations and will implement them all by 31 January 2017.

Recommendations	Red	Amber	Green	Total
Made	0	3	0	3
Accepted	0	3	0	3

Internal Audit Recommendations Log

6. A record of internal audit recommendations from previous reviews which still have outstanding recommendations can be found at Appendix C. The log provides an update on the action taken to implement the recommendations that arose from the review of London Councils ICT strategy, security, operations and business continuity completed in February 2014 and the ICT Strategy review completed in May 2016.

7. The log shows that all but one of the eighteen recommendations form the 2014 ICT review have been implemented. The technical solution for the recommendation in relation to the two factor authentication access controls (recommendation 7) has been implemented and tested. The system is ready to be rolled out to all staff once the support arrangements with the ICT service desk are in place.

8. The Audit Committee is asked to note the updated position on the outstanding internal audit recommendations detailed in the log attached at Appendix C.

Conclusion

9. The review of the internal audit report has not revealed any significant control weaknesses.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix A: Internal Audit Plan Progress Report 2016/17
Appendix B: Internal audit report on Grants review
Appendix C Internal audit recommendation log

Background Papers

Audit Committee report on Internal Audit Planned Work 2016/17 dated 24 March 2016
Internal audit work file 2016/17

Appendix A

London Councils Internal Audit Plan Progress Report 2016/17

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Key Financial Controls (Budget Management; Gifts: Hospitality; and Income	15	Fieldwork		This review will focus on the following specific areas: Budget Management; Gifts; Hospitality; and Income.	RED	AMBER	GREEN	TOTAL
Key Conclusions					**Management Comments**			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Grants 2016-17	5	Final Report	AMBER	A limited probity review, which will examine the monitoring processes for a sample of current grant funded organisations.	RED 0	AMBER 3	GREEN 0	TOTAL 3
Key Conclusions					**Management Comments**			
Information was reviewed relating to grant funded projects within the grants data base system 'GIFTS'. In addition, discussions were held with the Principal Grants Manager and members of Grants Team to ascertain procedures over applications, monitoring, financial checking and value for money. Based on sample testing and discussion with staff, this review concluded that, generally, there is a satisfactory level of control over: checking and assessing applications for funding; monitoring project progress to agreed outcomes; and assessing performance and the achievement of value for money. The general monitoring framework, in place, is sound; however, scope exists to improve the processes for checking the financial stability of organisations prior to and during funding. (For example, obtaining three sets of accounts for applicants at application stage; increasing the number of financial checks undertaken on accounts in response to the following the closure of Eaves Housing For Women charity; and logging checks made on the GIFTS system). Management accepted all three recommendations and will implement them all by 31 January 2017.					**Recommendation 1** **Three years audited financial statements should be requested on new funding applications.** "There are resource implications regarding the request for three sets of accounts at application stage (both in terms of officer time and IGAM upload fees per document). I would suggest that three sets of accounts are only requested for the top scoring bids that are likely to be recommended. Action: To include in the application guidance and scoring manual that an additional two sets of accounts will be sought for the highest scoring/recommended applications". **Recommendation 2** **The six proposed additional financial checks following the closure of Eaves Housing For Women charity should be included as part of the annual Due Diligence Checks as well as the additional three recommended audit checks** "Officers have some concerns that adding additional checks might cover more resources than we have available for this process (checking accounts is just part of the monitoring process. Action: To include the additional 9 checks and to review these to ensure they are all necessary after 12 months and how much				

	resources they are involving (versus how much is available)." **Recommendation 3** **The Due Diligence Checks performed on annual audited financial statements submitted by funded organisations should be recorded and logged against all projects in GIFTS.** Officers record the fact that the checks have taken place; however, the checks are not recorded individually in one place. Action: To include the additional checks to the grants team log.

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Procurement of Goods and Services	15	Draft Report		A full assurance review of the control environment for requisitioning, ordering and payment of goods and services procured by London Councils	RED	AMBER	GREEN	TOTAL
Key Conclusions					**Management Comments**			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
ICT Information Governance	10	Not started		The purpose of this full assurance review is to assess the adequacy of governance arrangements for London Councils' information communication technology.	RED	AMBER	GREEN	TOTAL
Key Conclusions					**Management Comments**			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Recruitment and Payroll Adjustments	10	Not started		A limited probity review of a sample of transactions in respect of recent recruitment and changes in payroll.	RED	AMBER	GREEN	TOTAL
Key Conclusions					**Management Comments**			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Governance arrangements	5	Not started		This review will examine the processes for decision-making and the adequacy of reporting.	RED	AMBER	GREEN	TOTAL
Key Conclusions								

Total	**60**							

* Subject to agreement of scope with service managers when preparing the terms of reference.

Appendix B

CITY OF LONDON

CHAMBERLAIN'S DEPARTMENT

INTERNAL AUDIT SECTION

LONDON COUNCILS - GRANTS (2016-17)

FINAL REPORT

Date Issued: 3 August 2016

Issued to: Frank Smith, Director of Corporate Resources
Simon Courage, Head of Grants and Community Services
Katy Makepeace-Gray, Principal Grants Manager
David Sanni, Head of Financial Accounting

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Audit Fieldwork completed	11 May 2016
Draft Report Issued	26 May 2016
Management Response Received Agreeing Recommendations	12 July 2016
Final Report Issued	3 August 2016

SECTION A: EXECUTIVE SUMMARY

Introduction

1. The Grants Programme 2015-17 subsidises initiatives that aim to tackle homelessness, sexual and domestic violence, unemployment and support to voluntary organisations. It was approved by the Grants Committee in November 2014. The approved annual expenditure of the current grants programmes amount to £9,364,548.

2. This audit exercise:

    - Ascertained the adequacy of checks undertaken on grant funded applicants prior to grant awards which determine the organisations ability to deliver initiatives, including financial stability.

    - Determined whether monitoring arrangements are providing an adequate control of grant funded organisations progress against agreed milestones.

    - Examined the effectiveness of the processes for ensuring that projects demonstrate the achievement of outcomes.

Assurance Statement

Assurance Level	Description
Moderate Assurance	An adequate control framework is in place but there are weaknesses and/or a lack of compliance which may put some system objectives at risk.

Key Conclusions

3. **Information was reviewed relating to grant funded projects within the grants data base system 'GIFTS'. In addition, discussions were held with the Principal Grants Manager and members of Grants Team to ascertain procedures over applications, monitoring, financial checking and value for money.**

4. **Based on sample testing and discussion with staff, this review concluded that, generally, there is a satisfactory level of control over: checking and assessing applications for funding; monitoring project progress to agreed outcomes; and assessing performance and the achievement of value for money. The general monitoring framework, in place, is sound, however, scope exists to improve the processes for checking the financial stability of organisations prior to and during funding.**

Assessing Applications

5. A standard scoring manual and matrix exists which provides a comprehensive assessment of an organisations eligibility and financial stability to deliver the required initiatives.

6. Sample testing of four current projects (Ashiana Network, Galop, Thames Reach and Age Concern London) confirmed that they were assessed in accordance with the existing scoring manual and matrix. There is, however, scope for improving the processes for checking the financial stability of organisations. Currently, one year's audited accounts are requested on application, which is considered insufficient to assess the continued stability or solvency of an organisation. The process could be improved by requesting three years audited accounts. This will provide a good assessment of an organisations ability to continue as a 'going concern' and confidence to deliver the required initiatives. **(Recommendation 1)**

Financial Stability During Funding

7. There are defined processes for carrying out financial checks on audited financial statements submitted by funded organisations during the funding

period. The processes are required to assess the financial stability of funded organisations and confirm the eligibility to continue funding payments. The arrangements are embedded in the Grants Team Manual under 'Due Diligence Checks' which highlights seven key financial areas for checking. It is understood from discussions with a member of the Grants Team that the annual checks are undertaken; however, they are not evidenced/recorded against the project or documented anywhere within the Grants database system 'GIFTS'. **(Recommendation 2)**

8. Following the closure of Eaves Housing For Women charity in October 2015, the Grants Team undertook an assessment of the charity's financial statements over a five year period between 2010-2014. This resulted in six recommended additional checks to be performed in conjunction with the seven existing checks required under the annual due diligence process. The additional checks include;

- assets and liabilities;
- deficits;
- loss of funds;
- diminishing brought forward balances;
- spending on designated funds; and
- reducing reserves.

9. These issues were highlighted in Eaves' Chairman's Reports within the financial statements. As such, the reports should have raised concerns about the financial position of the charity much earlier (i.e. periods ending 2013 and 2014), had the checks been utilised, results properly documented and reported accordingly.

10. Audit examination of the six additional recommended checks (highlighted above in paragraph 8) indicated that three further checks would need to be added. These include checking decreasing investment performance, annual solvency checks and 'flagging up' organisations with consistent financial problems over a two year period. In addition, consideration should be given to providing financial accounting training for Grants Team staff e.g. how to read/interpret and analyse financial statements. **(Recommendation 3)**

Monitoring

11. There are satisfactory monitoring arrangements in place which provides adequate control over progress on grant funded projects against the agreed project milestones. These arrangements are clearly defined within the London Councils Grants Teams Manual v1.4 which requires the regular submission of quarterly and annual returns of project data and accounting information by funded organisations. Organisations are required to submit the above-mentioned documents and comply with the visiting protocols in accordance with terms and

conditions of their funding agreements.

12. There are satisfactory mechanisms in place for 'flagging up' areas due for monitoring and assessment. The Grants database system 'GIFTS' is programmed with set reminder dates for when quarterly database reports, quarterly and annual progress reports, audited accounts and visits are due from funded organisations.

13. Sample testing of the four organisations (highlighted above in paragraph 6) that are in receipt of four year funding (2013-17) identified evidence of annual project monitoring within the GIFTS database system.

14. It is understood that no monitoring visits were carried out for the majority of projects in the 2015 year due to changes in the quarterly monitoring processes. In November 2015, the Grants Committee agreed to proposed changes to the monitoring processes. This included a reduction in the number of visits from 2 to 1 per year due mainly to increased staff workloads. The changes were implemented in January 2016. The Head of Community Services stated that the number visits would be risk based dependent on a projects RAG score rating i.e. projects achieving a 'Green' RAG score will be visited less frequently. It is understood that a programme of visits will be carried out in 2016.

Achieving Outcomes

15. There are satisfactory processes in place for documenting and reporting agreed project targets and outcomes against the four priority areas (highlighted in paragraph 1). The outcomes include project delivery and borough outcomes including budget/funding expenditure.

16. Funded projects are RAG rated to determine performance (e.g. budget expenditure against projections), quality and compliance. The RAG rating scores are compiled from information obtained from quarterly and annual progress reports, budget and database reports and monitoring visits. The information is used for reporting performance to the Grants Committee. It is noted that at the end of the four year grants funding programme, a detailed performance report is submitted to the Grants Committee for all projects. A similar reporting exercise was carried for the previous five year funding programme (2007-2013).

17. The RAG ratings for the four projects (highlighted above) were examined. This confirmed that the projects were on target to achieve the required outcomes for the 2015/16 financial year. These projects were in the third year (2015/16) of the four year (2013-17) funding agreements. All four projects scored a 'green' rating for Quarter 11 (i.e. Oct-Dec 15).

18. With regard to the adequacy of the existing processes for demonstrating the achievement of value for money on projects, it is Audit's opinion that the quarterly RAG rating scores contributes to providing an adequate and continued assessment of project outcomes. Regular and thorough financial assessment and monitoring to ensure that projects maintain the ' Green' rag rate through the end of the funding term is a good indicator of that value for money will be obtained through the achievement of the process' objectives.

Recommendations	**Red**	**Amber**	**Green**	**Total**
Number Made:	0	3	0	3
Number Accepted:	0	3	0	3

SECTION B: AUDIT RECOMMENDATIONS

Assessing Applications

Priority	Issue	Risk
Amber	Currently, one year's audited accounts are requested on new funding applications.	The applicant is not financially viable and grant monies will be lost or services will not be provided if the company goes into insolvency.

Recommendation 1:

Three years audited financial statements should be requested on new funding applications.

Management Response and Action Plan

There are resource implications regarding the request for three sets of accounts at application stage (both in terms of officer time and IGAM upload fees per document). I would suggest that three sets of accounts are only requested for the top scoring bids that are likely to be recommended.

Action: To include in the application guidance and scoring manual that an additional two sets of accounts will be sought for the highest scoring/recommended applications

Responsibility: Principal Grants Manager/Head of Grants and Community Services
Target Implementation Date: Summer 2016

* Where recommendation not accepted indicate alternative action that will be taken to mitigate risk or reasoning for accepting risk exposure to be provided

Priority	Issue	Risk
Amber	The Due Diligence Checks performed on the annual audited financial statements submitted by funded organisations are not recorded.	Inappropriate payments are made without the proper supporting evidence.

Financial Stability During Funding

Recommendation 2:

The Due Diligence Checks performed on annual audited financial statements submitted by funded organisations should be recorded and logged against all projects in GIFTS.

Management Response and Action Plan

Officers record the fact that the checks have taken place; however, the checks are not recorded individually in one place.

Action: To include the additional checks to the grants team log.

Responsibility: Principal Grants Manager/Head of Grants and Community Services
Target Implementation Date: January 2017 (the next date at which caseload accounts

are checked). This would be carried out on projects that are successful in the 2017-21 Programme, as the current programme ends 31 March 2017.

* Where recommendation not accepted indicate alternative action that will be taken to mitigate risk or reasoning for accepting risk exposure to be provided

Priority	Issue	Risk
Amber	The existing annual Due Diligence Checks on audited financial statements failed to identify key financial concerns within the audited statements presented by the Eaves Housing For Women charity for the 2012/13 and 2013/14 financial periods.	Grant monies will be lost or services will not be provided if the company goes into insolvency.

Recommendation 3:

The six proposed additional financial checks following the closure of Eaves Housing For Women charity should be included as part of the annual Due Diligence Checks as well as the additional three recommended audit checks (see Appendix 1)

Management Response and Action Plan

Officers have some concerns that adding additional checks might cover more resources than we have available for this process (checking accounts is just part of the monitoring process.

Action: To include the additional 9 checks and to review these to ensure they are all necessary after 12 months and how much resources they are involving (versus how much is available).

Responsibility: Principal Grants Manager/Head of Grants and Community Services
Target Implementation Date: January 2017

* Where recommendation not accepted indicate alternative action that will be taken to mitigate risk or reasoning for accepting risk exposure to be provided

APPENDIX 1: ADDITIONAL FINANCIAL CHECKS

Following the closure of Eaves Housing For Women in October 2015, the Grants Teams recommended six additional financial checks to the existing annual Due Diligence Checks on audited financial statements. The recommendations are summarised in a report 'Summary of Financial Position' as follows:

- A historical look at assets and liabilities over past financial years to see whether there is a downward trend in assets;
- Reviewing the accounts to see whether the organisation has lost any grant funding*;
- Whether the accounts are in deficit over financial periods;
- Whether balances** brought forward are diminishing;
- Whether restricted and unrestricted reserves are reducing over financial periods;
- And a review of the amounts being spent on designated funds.

Internal Audit comments and suggested additional checks as follows:

*this should include 'or is unable to attract other sources of funding'.

**this should state 'credit' balances.

Additional recommendations for inclusion:

- A review of investment performance to see whether this is decreasing consistently over a two year period;
- Solvency ratio tests to be conducted on all audited accounts received on application including accounts received during the funding period;
- Flag up and report any consistent deficits, decreasing reserves and investment performance, loss of funds and diminishing credit balances over a two year financial period; and
- Consider financial accounting training for all Grants Team staff i.e. how to read and interpret/analyse audited financial accounting statements.

APPENDIX 2: AUDIT DEFINITIONS AND RESPONSIBILITIES

Assurance levels

Category	Definition
Nil Assurance 'Dark Red'	There are fundamental weaknesses in the control environment which jeopardise the achievement of system objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
Limited Assurance 'Red'	There are a number of significant control weaknesses and/or a lack of compliance which could put the achievement of system objectives at risk and result in error, fraud, loss or reputational damage.
Moderate Assurance 'Amber'	An adequate control framework is in place but there are weaknesses and/or a lack of compliance which may put some system objectives at risk.
Substantial Assurance 'Green'	There is a sound control environment with risks to system objectives being reasonably managed. Any deficiencies identified are not cause for major concern.

Recommendation Categorisations

Priority	Definition	Timescale for taking action
Red - 1	A serious issue for the attention of senior management and reporting to the appropriate Committee Chairman. Action should be initiated immediately to manage risk to an acceptable level	Less than 1 month or more urgently as appropriate
Amber - 2	A key issue where management action is required to manage exposure to significant risks, action should be initiated quickly to mitigate the risk.	Less than 3 months
Green - 3	An issue where action is desirable and should help to strengthen the overall control environment and mitigate risk.	Less than 6 months

Note:- These 'overall assurance level' and 'recommendation risk ratings' will be based upon auditor judgement at the conclusion of auditor fieldwork. They can be adjusted downwards where clear additional audit evidence is provided by management of controls operating up until the point of issuing the draft report.

What Happens Now?

The final report is distributed to the relevant Head of Department, relevant Heads of Service, and those involved with discharging the recommended action.

Internal audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The ongoing progress in implementing each recommendation is reported by Internal Audit to each meeting of the London Councils Audit & Risk Management Committee.

Any Questions?

If you have any questions about the audit report or any aspect of the audit process please contact the auditor responsible (Joseph Lee, ext.1356) for the review or Pat Stothard, Head of Audit & Risk Management on Ext 1299, or via email to pat.stothard@cityoflondon.gov.uk.

London Councils – Internal Audit Recommendations Log (September 2016) **Appendix C**

ICT Review (February 2014)

Risk rating	Recommendations	Accepted	Implemented	Outstanding
Red	0	0	0	0
Amber	7	7	6	1
Green	12	11	11	0
	19	**18**	**17**	**1**

Issue, Risk & Recommendation ICT Review (February 2014)	Management Response	Current Position at September 2016
Recommendation 1 Issue: A current ICT strategy does not exist. Risk: The lack of a current ICT strategy and therefore lack of planning can result in risk of failure to achieve business objectives. Risk rating: Amber Recommendation: Formalise and document the ICT strategy in line with the business requirements.	The current ICT Strategy was ratified in June 2005 so is due for revision. The Corporate Management Board has agreed that the revised strategy will be consulted upon and produced post April 2014. This will give the organisation sufficient time to instigate and complete critical mail, server and infrastructure improvement projects by March 2014. Responsibility: Frank Smith, Director, Corporate Resources Target Implementation Date: August 2014 Progress note (September 2014): The critical projects led by the City of London ICT and Agilisys had been delayed hence the delay in completion of the task. The mail migration project and server tasks noted were finally were only delivered early September 2014 with a revised date proposed of October 2014 for the infrastructure recommendations. Revised date for strategy completion, January 2015.	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 2 Issue: A staff data security and sensitive data awareness training programme does not exist thus staff potentially unaware of the data security aspects related to their environment. Risk: Data loss due to insufficient training with a potential for loss of reputation. Risk rating: Green Recommendation: LC are recommended implement an appropriate programme of training in line with industry guidelines.	London Councils has been trying to implement an appropriate programme of training in line with what the City of London does for some time. However, the on-line/e-learning courses on protecting Information and Data Security which City of London employees are required to complete is only now available to London Councils staff. The DPA and FOI modules are not. A training package will be developed which combines what is available on-line via the e-portal with a bespoke London Councils element, which will be delivered to all staff at Southwark Street/Angel Square. Responsibility: Christiane Jenkins, Director, Corporate Governance Target Implementation Date: August 2014	Recommendation implemented
Recommendation 3 Issue: Computer room does not conform to best practice guidelines and generally needs improving such as suitable preventative measures in place. For example the cooling mechanism needs an approved permanent solution, computer cables need labelling and tidying, etc. Audit is aware there is an on-going improvement programme underway in this area as part of the LC report by CoL and most parts are being already being dealt with. Risk: Partial or total loss of the computer room and/or services thus adversely affecting the business with a potential for loss of reputation.	All redundant kit and cabling has already been removed from the computer room and as exiting server hosts are being virtualised remaining redundant hardware will be decommissioned. The mail server hosts will be decommissioned post the Office365 migration in April/May 2014. A UPS has also been installed to support the new virtual server environment. The remaining phone and PBX servers will also be virtualised. A second permanent air cooling unit was commissioned and installed in January 2014 providing the required air cooling temperature throughout this space.	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Risk rating: Amber Recommendation: LC are recommended to review all aspects of the computer room and improve/align them with industry best practice guidelines.	Any other required improvements are building works changes. As the building is owned by the City of London Corporation, it is suggested that the City Surveyors provide costs for these improvements, as a refurbishment of the server room together with any 3rd party equipment should be completed as a single project. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: January 2015 Progress note (September 2014) Activities met February to August 20014; • Avaya PBX upgraded alongside associated patch cabling and voice networking • Three additional physical data and production servers have now been virtualised, with only one server (DOCSERVER) remaining on-site scheduled for migration to new virtual platform post the Office 365 migration September 2014. BlackBerry (BBERRY)server now decommissioned (hosted within Office 365 cloud service) and old telephone server (PHONESERVER) decommissioned and new admin and voicemail server for new Avaya phone platform rebuilt as a virtual Windows 2008 server • Activities to be completed post September 2014; • Destruction and removal of all redundant server data on decommissioned physical servers hardware and safe collection and disposal organised	

Issue, Risk & Recommendation ICT Review (February 2014)	Management Response	Current Position at September 2016
	• As part of the London Councils PATAS (parking & Traffic Appeals Service) service tender a Lot has been incorporated for the provision of a full managed ICT services at London Councils from June 2015. This would include the management and hosting of the complete London Councils server infrastructure into IaaS platform which means the Southwark Street site would become infrastructure free from June 2015. We will know more regarding the award of this lot once contract has been awarded in November 2014	

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 4 Issue: Email is running on outdated fragile hardware. Email software is two versions out of date and on extended support until April 2014. Email is critical to LC for performing the daily business operations. Risk: Email service failure or Email is unsupported. Risk rating: Amber Recommendation: LC and CoL are aware of the risks (from the LC technology report) of the current software and timescales. A project to replace the Email system (implementation scheduled for first quarter of 2014) with the cloud based Office 365 is underway, however delays are already occurring. The project and the interdependencies need to be carefully and regularly monitored to ensure delays are minimised otherwise an interim solution should be investigated and implemented prior to the expiry of the extended support date.	These issues will be resolved with migration of LCs email stores to cloud storage (Office 365). This project is has been scoped in conjunction with CoL and cloud consultants Content & Code. Progress and project plan is reviewed weekly with controls in place. Tests will begin with a testing group during February 2014 with full roll-out projected to be completed early April 2014. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: April 2014	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 5 Issue: The IP network at the Southwark Street currently utilises a public IP range. The use of a public IP range is not considered best practice and can cause issues with a network that has connection to the Internet. Risk: Future IP conflicts are possible with the reallocation of the IP range. LC systems using this range will become unusable. Risk rating: Green Recommendation The London Councils Reports highlighted this issue however a proposed solution has not been confirmed yet. Consider implementation of a proper IP subnet to improve security and conform to best practice standards to avoid future problems.	The London Councils network in its present topology could support multiple subnets however additional or replacement networking equipment would be required to achieve this. Agilisys, the City of London's ICT contractor can provide London Councils with a proposal for this network infrastructure upgrade and the project plan for migrating to a new IP addressing scheme. This would be a new service request that would need to be further scoped. City estimates are at present around £40,000 for this piece of work. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: January 2015 Progress note (September 2014) Cost estimates and network proposals from City of London ICT and Agilisys quoted to accomplish this activity have not altered. As an element of the London Councils PATAS service we have requested the tenders to propose options for the networking infrastructure piece so it may be prudent to explore the models and solutions being proposed by the managed service tenders if contract is awarded to another ICT provider. The tenderers on the Lot 3 shortlist have proposed solutions which we would then work on in detail post contract award in November 2014.	Recommendation implemented • New firewalls and DMZ implemented at Southwark Street and DR site • All LAN hardware upgraded • All local area networking switched upgraded • VLANs implemented per floor for added resiliency and security • All services migrated to new private 10 network

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 6 Issue: Password security standards for LC does not exist therefore security within a number of systems is probably less than best practice. Risk: Risk of unauthorised access to systems and sensitive data. Risk rating: Green Recommendation: Establish and implement LC password security standard in line with industry best practice and apply to all systems.	London Councils Active Directory domain logons follow a best practice password policy adopted from the City of London. London Councils will carry out a further scoping exercise of all our existing systems that do not meet best practice password policies and this can be managed as separate project. All staff are issued with a password and all the Internet/Email/Telephone Policy states: “individuals are required to follow the necessary security disciplines and to keep their passwords totally confidential”. London Councils will periodically remind staff that this is the case. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: January 2015	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 7 Issue: Remote Access is permitted requiring only the computer IP, username and password to gain access. Additional security verification is not enforced with use of a security fob or similar. Risk: The system is less secure and vulnerable to malicious access by allowing an easier entry point to the LC systems and data. Risk rating: Green Recommendation: Install suitable access measures which include two factor authentication which requires the current user logon and password, and additionally a security fob or similar.	London Councils are in the process of migrating their remote access solution onto a server farm built on Windows Server 2008. Staff will now be required to access the remote service using a secure desktop icon which contains additional security and gateway data. The IP address gateway access will be switched off in March 2014. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: March 2014 Progress note (September 2014) The above activity was completed in February 2014 and is in full use by the business. However, a remote access security breach in September 2014 has resulted in reconsideration of the level of risk acceptance of this area by London Councils. A scoping and costing exercise for 2FA has been requested from the CoL IS department as a matter of urgency.	The technical solution has been implemented and system tests completed. The system is ready to be rolled out to all staff once the support arrangements with the Agilisys ICT service desk are in place. The support arrangements will be in place before the end of September 2016.

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 8 Issue: Lack of recording and monitoring of LC network logins. Risk: Invalid and potentially malicious access attempts going undetected and unreported. Risk rating: Green Recommendation: LC are recommended to implement a procedure to include logging, monitoring and reporting to allow assessment of the data for corrective action.	Agilysis and the City of London have been asked to provide a proposal for additional security for the monitoring of network logons, which will be reviewed by the ICT and Facilities Manager. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: January 2015 Progress notes (September 2014) Still awaiting costs and proposals from City of London and Agilisys.	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 9 Issue: Internet access is almost unrestricted thus allowing access to unsuitable sites and social media sites. Risk: Inappropriate use of the internet and possibility of download of malware as well as wastage of staff time. Risk rating: Amber Recommendation: Create an responsible internet access policy and disseminate to staff.	London Councils has a well-documented and intranet accessible Internet/Email/telephone Policy which clearly sets out what is acceptable/not acceptable. Access to unacceptable sites was blocked in 2010 and allowable access was discussed at length by London Councils Corporate Management Board and as a consequence the Internet/Email/telephone Policy alongside the equally accessible Social Media Guidelines are considered adequate for London Councils. The current Ironport web proxy and URL filtering system is currently not filtering due to a fault. The implementation of Webroot would allow London councils to enforce its internet access policy. Webroot testing is due to start in February with implementation later that month. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: February 2014 Progress notes (September 2014) After a detailed review of projects March 2014 in particular our key infrastructure projects and deliverables being managed by the City of London and Agilisys, it was agreed that there would be reduced risk if this activity was completed post Office 365 mail migration and tenancy project. As the Office365 project only completed in September 2014 and implications for the new London Councils website and intranet portals that go live during October, deployment of Webroot across the organisation has now been rescheduled for late October 2014.	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 10 Issue: Hardware such as CD drives and USB ports are unsecured thus data can be copied onto portable devices. Risk: Sensitive data may be copied and carried off the premises thus risking data breach. Risk rating: Amber Recommendation: Consider restricting access to administration users only and locking down PC's so data cannot be easily copied and additionally implement a process to enable data copy requests with suitable controls.	Agilysis have been asked to provide a proposal for installing appropriate software to make the use of portable media more secure. The proposal will be considered by the ICT and Facilities Manager. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: July 2014 Progress notes (September 2014) This task has not commenced. In conjunction with CoL and Agilisys rescheduled for completion January 2015.	Recommendation implemented
Recommendation 11 Issue: Inadequate monitoring and management of storage capacity for the email system. Risk: System downtime. Risk rating: Amber Recommendation: Implement suitable controls for monitoring and management of disk capacity for the email system and other critical systems.	Daily checks are in place monitored by the City ICT team for LCCOMMS as this server has had some disk space issues. Further work is due to be carried out to reduce mailbox database sizes prior to migration to the cloud services. Mutiny alert software is currently used on all systems to alert on disk usage over 80%. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: May 2014	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 12 Issue: The existence of an FTP server. The exact use and user restrictions are unknown and until recently it was in an unrestricted area. FTP data transfer is still possible. Risk: Transfer of data in an unsecure manner. Risk rating: Green Recommendation: The LC are aware of this issue from the report produced by CoL which resulted in the move of the FTP server into more secure area, however, further improvements are recommended. As a minimum modify the server to only allow only secure data transfer using Secure File Transfer Protocol (SFTP) as opposed to FTP. Implement a process for assessing and authorising use of this facility and document user and data transfer information.	This server is now decommissioned and only secure data transfer will now be permitted. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: December 2013	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 13 Issue: The percentage of support calls completed within SLA targets is lower than expected (65-80%). Risk: The support provided is inadequate. Risk rating: Green Recommendation: A monthly review of support calls that exceed SLA is advised with a view to identifying problem areas and acceptable delays for a more accurate assessment of the level of service provided.	Since January 2014 Agilisys have now have implemented a new service management tool Hornbill which will be available to provide more accurate information on SLA and areas where call resolution is not meeting targets. The ICT & Facilities Manager, who is responsible for the client-side management of the ICT service provided by the City, now has access to the City's call logging portal so is now able to monitor all logged and breached incidents and service requests. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: February 2014	Recommendation implemented
Recommendation 14 Issue: A single source of information on ICT contracts and agreements information does not exist. This can result in critical renewal dates being missed. Risk: Possible interruption of service or potentially a poorer service. Risk rating: Green Recommendation: Consolidate important information into a ICT contracts register with a procedure to regularly review and update the contents.	Contract data is being compiled and will be held in a single contracts register.	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 15 Issue: Security is not enforced for voicemail on telephones. Risk: Private and sensitive voicemails are accessible by all LC staff. Risk rating: Green Recommendation: Enforce voicemail pin code functionality which is already available.	London Councils currently manage telephony and voicemail system. All telephones are accessible for all staff to use and to monitor and pick-up and to ensure any voicemail messages are dealt with. London Councils does not consider that a voicemail pin code is necessary – this will mitigate staff being able to cover for one another and provide a proper service to our customers/stakeholders.	Recommendation not accepted.
Recommendation 16: Issue: The database for the LC GIFTS system not patched to latest security level. Risk: The systems are exposed to known and fixable vulnerabilities. Risk rating: Green Recommendation: Install latest security patches and implement a procedure to regularly patch all systems.	An SCCM server is currently in place and will be configured to automate the MS Windows Server patching. MS SQL servers are not patched automatically due to the complexity and impact of patches across a MS SQL server hosting multiple databases. A review of existing 3rd party database application will be carried and the MS SQL server patches will be applied Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: Already in place	Recommendation implemented

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 17 Issue: There is a lack of resilience, for example, only a single firewall in place at both LC and CoL sites. Risk: Single points of failure would result in service interruption. Risk rating: Amber Recommendation: Investigate infrastructure for all points of failure and initiate a project to improve resilience otherwise include reasons for risk acceptance. In the meantime ensure the firewall configuration is backed up regularly.	The City of London site is the DR site for London Councils and the need for dual firewalls at this site may not be cost effective. The London Councils site firewall is managed by a third party (BIS) who provide backups of the firewall configuration and an SLA for hardware faults. The existing Virgin media Internet link currently has an SLA call out target of 8 hours. Aglisys have estimated an additional annual cost of £10,000 for a fully resilient internet fail-over connection. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: July 2014 Progress notes (September 2014) Cost estimates and design architecture proposed by the City of London ICT and Agilisys have not changed. As part of the London Councils PATAS service retender we have requested the tenders propose options for a fully managed or infrastructure free service for London Councils and a managed service DR site therefore it may be prudent to explore those models proposed if contract is awarded to another ICT provider. The service providers on the Lot 3 shortlist have proposed solutions which include IaaS which we would then work into detail post contract award in November 2014.	Recommendation implemented • New firewalls and DMZ implemented at Southwark Street and DR site • All LAN hardware upgraded • All local area networking switched upgraded • VLANs implemented per floor for added resiliency and security • All services migrated to new private 10 network

Issue, Risk & Recommendation **ICT Review (February 2014)**	**Management Response**	**Current Position at September 2016**
Recommendation 18 Issue: LC BCP plan last updated 16 months ago. The Angel Square site BCP is more current but needs updating to reflect latest changes (eg staff changes). Risk: The plan is out of date and may jeopardise business continuity in a disaster. Risk rating: Green Recommendation: Update the current BCP plans and regularly review (at least annually).	Both documents for 59½ Southwark Street and Angel Square are in the process of consultation and review. This will be conducted in conjunction with Recommendation 19. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: June 2014 Progress notes (September 2014) This activity has not started due to delays and additional work required to complete Office 365 and server decommissioning projects. Revised date February 2015. The lease on Angel Square comes to an end in July 2015 therefore a new plan will be constructed for the new PATAS service, location yet to be finalised.	Recommendation implemented .
Recommendation 19 Issue: A single comprehensive DR plan does not exist although some individual systems undergo DR. Risk: DR is inadequate or not possible thus recovery could be severely delayed. Risk rating: Green Recommendation: Produce a comprehensive DR plan inclusive of testing.	In conjunction with Recommendation 18 a single comprehensive DR with test plan will be devised. A test of the DR plan will be undertaken post the Office365 implementation. Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: June 2014 Progress notes (September 2014) This activity has not started due to delays and additional work required to complete Office 365 and server decommissioning projects. Revised date February 2015.	Recommendation implemented

ICT Strategy (May 2016)

Risk rating	Recommendations	Accepted	Implemented	Outstanding
Red	0	0	0	0
Amber	1	1	1	0
Green	2	2	1	1
	3	**3**	**2**	**1**

Issue, Risk & Recommendation ICT Strategy (May 2016)	Management Response	Current Position at September 2016
Recommendation 1 Issue: No evidence was obtained of Disaster Recovery test exercises having been performed. Risk: Assurance cannot be provided that the IT element of Business Continuity will ensure availability of key services in the event of a disaster. Risk rating: Amber Recommendation: Disaster Recovery test exercises should be scheduled at the earliest opportunity to ensure continuity.	Recommendation accepted. London Councils have added a comprehensive testing plan to be carried out in conjunction with the City of London and Agilisys. The test plan along has been ratified by London Councils CMB and will reside in the current Business Continuity Plan (Appendix A, page 62-63) activity to commence April 2016. Testing results will be available in the quarterly updates of the BCP plan next due in July 2016. This will be implemented by August 2016. Responsibility: Roy Stanley, ICT and facilities manager Target Implementation Date: August 2016	Recommendation implemented As part of the key network and infrastructure upgrade works completed during the summer the full testing of primary and DR sites were completed. See Appendix A of current BCP for details

Issue, Risk & Recommendation **ICT Strategy** **(May 2016)**	**Management Response**	**Current Position at September 2016**
Recommendation 2 Issue: Disk storage thresholds are not documented. Additionally historical growth charts have not been provided to London Councils. Risk: Without formally documented arrangements LC cannot be sure the thresholds are as expected and potentially lower thresholds can result in system unavailability. Risk rating: Green Recommendation: Usage criteria should be formalised and regular review of storage utilisation considered by management.	Recommendation accepted. The activity will be carried out by Agilisys and reviewed at our monthly SLA meetings between CoL and Agilisys and commence during second quarter 2016/17 meetings. Responsibility: Roy Stanley, Roy Stanley, ICT and facilities manager Target Implementation Date: August 2016	Recommendation implemented With the new IP network in place (10 network) completed as part of the infrastructure and LAN upgrades, network monitoring and server alerts now in place run by VLMCMUNITY. Agilisys' staff at the Guildhall and Rochdale are able to monitor storage thresholds. Reports will be generated and reviewed at monthly service review meetings
Recommendation 3 Issue: Checks are not performed to ensure third party compliance. Risk: Without periodic checks and provision of evidence such as compliance certificates it cannot be guaranteed that London Councils' interests are adequately safeguarded. Risk rating: Green Recommendation: Where compliance is the responsibility of a third party an annual compliance certificate should be obtained.	Recommendation accepted. Most if not all our principle third part contracts such as Lorry Control and ESP are up for renewal this year. London Councils will ensure these checks and evidence of compliance certificates are made available and incorporated into the requirements for renewal or into the new contracts. This will be actioned by September 2016 Responsibility: Roy Stanley, Roy Stanley, ICT and facilities manager Target Implementation Date: September 2016	Recommendation to be implemented by September 2016. In progress

Priority risk rating key:

Green:	Low risk and/or weakness already been addressed
Amber:	Medium risk requiring mitigation and prompt action
Red	High risk, urgent action required

Audit Committee

Dates of Audit Committee Meetings for 2017-18 Item no: 10

Report by:	Alan Edwards	**Job title:**	Governance Manager
Date:	22 September 2016		
Contact Officer:	Alan Edwards		
Telephone:	020 7934 9911	**Email:**	Alan.e@londoncouncils.gov.uk

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Summary This report notifies members of the proposed Audit Committee meeting dates for 2017/18.

Recommendations It is recommended that members discuss/agree the proposed dates for 2017/18.

Audit Committee Dates for 2017/18

- Thursday 23 March 2017 (at 10.30am)
- Thursday 22 June 2017 (at 10:30am)
- Thursday 21 September 2017 (at 10:30am)
- Thursday 22 March 2018 (at 10.30am)

The above meetings are scheduled to take place at London Councils, 59½ Southwark Street, London SE1 0AL (start times are in brackets)