

Executive

28 February 2017: 9.30 am

London Councils offices are wheelchair accessible

Location: Private Dining Room, Guildhall, London, EC2P 2EJ (via entrance D on attached map)

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*** Declarations of Interests**

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

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

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

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

Cllr Claire Kober OBE was in the chair

Present

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

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

1. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Peter John OBE.

2. Declaration of interest

No interests were declared.

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

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

4. Resilience and Emergency Preparedness Review

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

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

Cllr Teresa O'Neill drew attention to recommendation 72:

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

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

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

The Executive agreed to:

- Note the report

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

5. National Funding Formula for schools – stage 2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Chair concluded by saying:

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

The Executive agreed:

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

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

6. Provisional Local Government Finance Settlement 2017-18

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

The Executive agreed to note the report.

7. Policy Developments: Devolution and Public Service Reform

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

- Health devolution
- Devolution of the Work and Health Programme

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

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

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

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

The Executive agreed to note the report.

8. Nominations to Outside Bodies

The Executive agreed to note the following appointments:

Cllr Fiona Colley (Southwark) to the LFEPA

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

Cllr Nick Draper (Merton) to the LVRPA

Heathrow Airport Consultative Committee (HACC)

Cllr Steve Curran (LB Hounslow)

Deputy - Cllr Tim Coleridge (RB Kensington & Chelsea)

Thames Regional Flood & Coastal Committee (RFCC)

West – Cllr Dean Cohen (LB Barnet)

South West – Cllr Nick Draper (LB Merton)

South East – Cllr Alan Smith (LB Lewisham)

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

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

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

London Sustainable Development Commission
Cllr Claudia Webbe (LB Islington)

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

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

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

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

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

9. Month 6 Revenue Forecast 2016/17

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

The Executive agreed to note:

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

10. Audited Accounts 2015/16

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

The Executive agreed to:

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

11. Report of decision taken under the Urgency Procedure

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

Action points

Item	Action	Progress
4. Resilience and Emergency Preparedness Review <ul style="list-style-type: none"> • A report to go to Leaders' Committee in February. 	Strategic Policy and CG	Report drafted for Leaders' Committee in February 2017.
5. National Funding Formula for schools – stage 2 <ul style="list-style-type: none"> • A response to the NFF to be submitted that made the case for continued investment in London's schools, taking into account current pressures in the system. The response to draw on the wider context of budgetary reductions as identified by the NAO (National Audit Office) report and focus on the impact that any reduction could have on school standards across the capital. 	PAPA Children's Services	First draft of response being drafted and will be shared with borough children's finance leads on 22 February before being finalised and submitted to the DfE by 22 March.

The meeting ended at 10:30

Executive

Transforming Health and Care through Devolution

Item 5

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

Date: 28 February 2017

Contact Officer: Clive Grimshaw

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

Recommendations The Executive is asked to address the questions set out in paragraphs 33 and 34 and provide political guidance which can be consolidated into a proposed report to Leaders' Committee in March.

Context

1. This report brings together a number of developments directly connected to the integration and reform of health and care. Together, those developments lead to some important decisions for Leaders to take which will shape how London responds to health and care integration and reform in the coming 12 to 24 months. Those developments are –
 - The financial challenges facing adult social care and health.
 - The negotiations and outcomes of the devolution of health and care Memorandum of Understanding (MoU), which will potentially provide a critical part of the tools require to drive forward integration and reform at pace and scale.
 - Wider developments in the integration and reform landscape, where London local government is leading the way.
2. Reaching a view about how to move forward will require a balanced judgement to be reached in terms of how change and transformation in health at the local level will evolve in near to medium term. The choice appears whether and how to carve out and assert a clear and coherent role for local democratic leadership which brings both scrutiny and consent to how local systems change.

Introduction

3. The health and adult social care sector is facing increasing pressures and integration, driven by multiple national policy initiatives, has long been seen as part of the solution to addressing these pressures. More recently, locally designed and driven integration plans have become more prominent, notably as a core component of the case for devolution.
4. In February the National Audit Office (NAO) published its report on health and social care integration and made several recommendations which could shape integration over the coming years. The NAO called for further work to be done building an evidence base for how, and whether, integration can alleviate financial pressures in the sector.
5. The report identified some risks and potential barriers to integration which need to be addressed for integration to gather pace. These included the risk that integration could become side-lined in pursuit of NHS financial sustainability if there wasn't full local authority engagement in the joint

sustainability and transformation planning process. Other long standing barriers and risks identified in the report were workforce challenges, misaligned financial incentives and problems around information sharing.

6. The report concluded that the pace towards full integration has been slower than had been hoped and that more needed to be done if full integration was to be achieved by 2020. It also found that national initiatives such as the Better Care Fund did not achieve the level of savings that had been planned for.
7. This paper sets out some integration initiatives in London and describes the finance and policy context for borough led models of integrated health and care.
8. The paper also suggests a range of high level actions to drive the further development of the reform propositions, based on pilot and non-pilot integration area models. It also suggests how London Councils can help to shape the national debate by beginning to develop a strong integration evidence base across London.
9. However, it must be noted that initial evidence is that despite the most ambitious integration programmes, the funding pressures facing health and social care are unlikely to be addressed without new money coming into the system. While integration is not a financial solution, it offers an important way of improving user outcomes in the sector and supports local democratic influence over decisions which will remain central to the financial sustainability of local health and care systems.

Financial and policy context of health and care transformation

10. London's population is growing at a faster rate than the rest of the England, including significant growth in the over 65s population and the number of people with physical/learning disabilities. Demographic growth and change in recent years has also seen an increasing number of people living with long-term, complex conditions.
11. Spending Review 2015 (SR15) outlined further significant cuts to local government, which was again asked to shoulder a greater than average

share of the funding reductions to deliver the Government's deficit reduction plans: a real terms cut to core funding (Settlement Funding Assessment) of 37 per cent over four years. Core funding to London boroughs from Government will have fallen by 63 per cent in real terms over the decade from 2010-11 to 2019-20

12. The funding challenge in adult social care is one of the biggest facing London local government over the Spending Review period. This remains the largest area of spend at £2.2 billion across London in 2016-17; representing 31 per cent of total spend (as high as 43 per cent in some boroughs). Recognising the critical impact this can have on people's lives, boroughs have sought to protect adult social care as much as possible since 2010-11 but despite this, boroughs are spending around £450 million less in real terms than in 2010-11.
13. The 2015 Spending Review found an additional £3.5 billion nationally for adult social care by 2020 across England - £2 billion through the introduction of the social care precept and £1.5 billion through the Improved Better Care Fund grant to local government. Of the £1.5 billion to be made available through the Improved Better Care Fund (in 2020), £247 million is available for London, while £244 million could potentially be raised from the Social Care precept. While this additional funding was welcomed, it still fell considerably short of that needed by 2020 and therefore, and with no additional money promised, adult social care is facing what appears to be insurmountable financial challenges.
14. London Councils estimates that despite the additional funding found for adult social care at SR15, there will still be a cumulative £600 million funding gap in 2019-20. It is going to be increasingly difficult for local authorities to fulfil their statutory obligations to assess and meet the needs of all the people requiring care and support. In addition, a failure in adult social care will displace demand pressures onto the NHS and increase health spending on aspect of NHS provision which would slow the pace of reform. Transformation of health and care is therefore essential for bringing about longer term sustainability in the sector.

Devolution as an enabler of transformation

15. In December 2015, the London health and care collaborative agreement was signed and it set out London's devolution proposals for transforming health

and wellbeing outcomes, inequalities and services across the capital through new ways of working together and with the public.

16. London health devolution pilot areas have undertaken a huge amount of work during 2016 in refining the evidence base and specificity of devolution needs and propositions. These are critical to the faster and deeper integration and reform of health and care. The offer explicit alongside these asks is that local integration is central to better equipping Londoners to live longer, healthier lives.
17. Key devolution enablers coming out from the pilot project include:
 - Devolution of funding and commissioning powers as agreed with the relevant national bodies
 - Changes to governance and regulation
 - Joint capital strategic planning and delivery
 - Joint workforce strategic planning
 - The development of new payment mechanisms to support integration
18. At Leaders' Committee on 6 December, a paper detailing the latest position on asks and offers emerging from London's health devolution pilot areas was considered. That paper also established a process for engagement and clearance of the final agreement. Following discussions, as agreed, between Cllr Kevin Davis, London Councils' Health Lead, Cllr Claire Kober as Chair of London Councils and Cllrs Sarah Hayward and Richard Watts as members of the London Health Board, agreement on the London Councils' position in respect of the Memorandum of Understanding has been reached.
19. Subject to the MoU with national partners being agreed, the roll-out of devolution as an enabler of deep and successful integration and reform will require strong political leadership underpinned by a coherent narrative around which borough Leaders wish to join-together. This would not imply a single London system, but a narrative which captures the rich variety of local models of integration of health and care which political leaders are willing to advocate for across London and which clearly demonstrate the powerful role of devolution in the objectives underpinning the narrative.
20. The new powers that may be gained through devolution can provide a platform for accelerating the development of borough-led integration models and so reforming the health and care system locally. The period immediately

after agreeing the MoU represents the greatest opportunity for London boroughs to shape the public narrative of reform showing how boroughs are positively shaping the future of health and care in the Capital, how new and emerging models are grounded in the local needs from an integrated health and care systems and the vital role of local powers gained through devolution in taking those models further and faster.

21. This development further raises a question of how to fully optimise the unique position of borough Leaders. The financial challenge in the system is well-known, devolution offers tools to drive integration and reform of health and care. In the same manner as individual pilot areas have led the agenda, so the task facing the wider system, in part, appears to be how to ensure reform emerges through bottom-up, locally designed solutions. This will be a central task for the coming 12 to 24 months and points to questions of how best the local story can be told and how Leaders can shape this.

Transformation through integration

22. London Councils welcomed the announcement in SR15 that all areas of the country will be mandated to produce plans for complete health and social care integration by 2017, to be implemented by 2020. However, the government has now scaled back on these plans there will no longer be an expectation for all local areas to produce separate 2020 integration plans although a vision of how they plan to achieve full integration will be expected as part of the Better Care Fund 2017/19 plans.
23. The process of developing new models of integration of health and care has evolved and taken on a new, stronger emphasis in recent years. At its core, the policy drive behind the Better Care Fund (BCF) is that integration is key to improving a range of health related outputs and outcomes, often practically enabled through budget pooling and some shared governance. London as a region has led the way in delivering the integration agenda for example last year London's performance against the national conditions in the BCF surpassed other regions consistently in at least 5 of the 8 national conditions. While of the 25 national integrated care pioneer sites 5 were selected from London covering 16 London boroughs.
24. Alongside the BCF there have been other national initiatives pushing for increased integration of health and care such as the Integrated Care pioneers

and the Vanguard and more recently the introduction of STPs all with a primary aim of improving the care received by people by changing how the care is delivered. However, the NAO report found that despite these initiatives the pace of integration has been slow.

25. Integration and reform across London has not been restricted to these initiatives many local and sub regional areas have taken the opportunity to go further in developing integrated care pathways for example by bringing together health and care commissioners. More recently, boroughs have begun to develop visions for integration of primary and social care which are deeper and more comprehensive, creating fully integrated commissioning which brings together substantive budget commitments around new care models.
26. Evidence from a number of boroughs considering the potential benefits of integration and reform to meet the financial and demographic challenges, suggests that Londoners consistently prioritise health and care provision which enables:
 - i. Longer healthier lives
 - ii. Self-help and self-care
 - iii. Individual resilience which allow for lives to be as independent as possible
 - iv. Access to high quality care when it is needed
27. Examples of areas in London where comprehensive integration of health and care plans are progressing include the devolution pilots (London Borough of Hackney, London Borough of Lewisham and London boroughs of Barking and Dagenham, Havering and Redbridge), London Borough of Croydon (through Outcomes based commissioning for over 65s) and the Royal Borough of Kingston upon Thames Kingston Coordinated Care programme.
28. While areas and plans noted above are not exhaustive of the variety of locally led and developed initiatives, some of the common themes of these borough-led propositions include:
 - Integrated primary care and social care commissioning.
 - Integrated multi-disciplinary health and social care teams co-located to support populations of between 40,000 and 60,000 Londoners.

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

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

Recommendations

30. While local areas have embraced the integration agenda there is further evidence building which suggests the system would take added value from a full narrative setting out how integration can be used to drive further reform of health and care. This narrative is more urgent because of the pressures in social care and the likelihood that they will continue because of an absence of additional funding to the sector.
31. In order to develop that narrative London elected Leaders will need to consider how to present and explain local initiatives to Londoners. It will also be important to develop local approaches to use the new powers that come from successful devolution negotiations and by doing so to accelerate the rate

of reform and the pace at which health and care services are improved for Londoners.

32. The Executive is therefore asked to address two questions.

33. Firstly, the Executive is invited to provide political guidance on the recommendation that through London Councils a London health and care integration political narrative is developed that builds on work to agree a Memorandum of Understanding with government in order to fully describe London elected leaders full ambition for improving health and care in every London borough. This will require the development of a policy platform that is robust enough to capture the core of borough-led initiatives illustrating the financial impact of these initiatives on the long term sustainability of social care in London and:

- i. Through London Councils a London health and care integration political narrative is developed which will underpin a policy platform explaining the essential components of borough-led initiatives and illustrating the financial impact of these initiatives on the long term sustainability of social care in London.
- ii. That this narrative be supported by case studies of devolution pilot areas and non-pilot areas.
- iii. To show how tools from devolution can form an enabler of integration and reform.
- iv. Learn from integration and reform to identify new devolution propositions.
- v. That Leaders' support borough Health and Wellbeing Board Chairs to lead this work and through the Health Lead report to Leaders' Committee.
- vi. That campaigning and lobbying propositions be included in a future report back to Leaders' Committee.

34. Secondly, that the Executive consider and offer early guidance on how individual London borough leaderships can be supported to gain the best value from the new powers and tools available as a result of devolution negotiations. This advice will be consolidated to support more detailed discussion with all Leaders at Leaders Committee. It would include but not be limited to consideration of:

- i. Mapping current proposals and strategies for health and care improvements within in London borough

- ii. The resource and support requirements to make the delivery of devolution work for all boroughs.
- iii. Assessing how the London Estates Board and other central resources devoted to health and care reform can best support individual boroughs to deliver successful reform
- iv. Considering what other resources and support may be required for boroughs to be able to develop clear plans for health and care reform that are led by locally democratically accountable leaderships.
- v. Assessing the potential for collaboration across borough boundaries to enhance local plans for health and care improvement.

Financial Implications for London Councils

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

Legal Implications for London Councils

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

Equalities implications for London Councils

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

Recommendations: The Executive is asked to address the questions set out in paragraphs 33 and 34 and provide political guidance which can be consolidated into a proposed report to Leaders' Committee in March



Executive

The Housing White Paper

Item no: 6

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

Date: 28th February 2017

Contact Officer: Eloise Shepherd

Telephone: 020 7934 9813 **Email:** Eloise.shepherd@londoncouncils.gov.uk

Summary

The report provides detail on the government Housing white paper "*Fixing Our Broken Housing Market*" published on the 7th February 2017. It highlights aspects of the white paper relevant to recent discussion on increased home building between London government and national government.

Recommendations Executive Committee is asked to:

- Note the report;
- Offer any initial guidance on the content and priorities for London Councils response to the Housing white paper consultation.

Background and Context

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

The White Paper: "Fixing Our Broken Housing Market"

2. The white paper makes proposals across four areas: planning and land, accelerating house building, diversifying the housing market and immediate support to individuals.
 - Planning and land includes proposals affecting the local plan process, assessments of housing need, clarifying land ownership, small sites, Greenbelt, and land use including housing density.
 - Faster building makes recommendations to allow councils to increase planning fees, funding related infrastructure, reducing the scope for pre-commencement conditions, increasing requirements for clarity on developers' intended build out rates, powers to consider developer delivery records in planning decisions; and powers to require local authorities to adopt higher building targets.
 - Diversifying the market includes interventions on new construction methods, build to rent and local authority building.
 - Helping people now includes changes to Starter Homes policy, policy on housing needs for old or disabled people and support for the Homelessness Reduction Bill.
3. The white paper reflects a change in government policy towards building to rent and related to this it reduces the scale of requirement for Starter Homes in new developments. There is no explicit change in Greenbelt policy. The white paper does not make proposals to increase financial flexibilities for local government such as

more flexible use of right to buy receipts, retention of a larger share of right to buy receipts, or increased HRA borrowing headroom.

- The white paper welcomes council backed housing companies and joint ventures. However a significant concern is that white paper then proposes extending “equivalent” rights - including the right to buy - to tenants in “new affordable properties”. This may have significant implications for the viability of council backed housing companies.

4. The white paper follows housing announcements in the Autumn Statement which included agreement to £3.15 billion in funding for the London Mayor to deliver 90,000 homes in the 2016-2021 Affordable Homes Programme. Officers of both London Councils and the Mayor had been involved in discussions with government prior to the Autumn Statement seeking a range of policy changes. While the funding agreement was the primary outcome of the Autumn Statement, the white paper responds to other proposals made by London in those discussions. These include:

- Agreeing to allow councils to increase planning fees by 20% from July 2017 so long as funds are invested in planning. There is a potential for a further 20% increase in funding with conditions.
- Further detail on the £2.3 billion Housing Infrastructure Fund to create supporting infrastructure in areas of greatest housing need.
- Recognition of the importance of build to rent.

5. Consultation on the white paper closes on the 2nd May and the Executive is asked to note this report and to offer any initial guidance on the content and priorities for London Councils’ response to the White Paper.

Financial implications for London Councils

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

Legal implications for London Councils

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

Equalities implications for London Councils

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

Recommendations

Executive Committee is asked to:

- Note the report;
- Offer any initial guidance on the content and priorities for London Councils response to the Housing white paper consultation.



Housing and Planning White Paper

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

Overview

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

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

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

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

Analysis

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

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

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

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

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

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

Supporting small and medium sized sites/developers

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

Green belt land

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

Using land more efficiently for development

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

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Chapter 2: Building homes faster

Boosting local authority capacity and capability to deliver

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

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

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

Tackling unnecessary delays caused by planning conditions

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

Greater transparency through planning and build out phases

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

Sharpening local authority tools to speed up the building of homes

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

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

Housing delivery test

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

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

Chapter 3: Diversifying the housing market

Decision not to introduce a requirement for a small sites register

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

Accelerated construction and custom build

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

Building more homes for private rent

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

Backing Local Authorities to Build

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

Chapter 4: Helping people now

Starter Homes

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

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Housing for our future population

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

Homelessness

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

Commentary

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

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

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

Links:

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

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

This member briefing has been circulated to:

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



London Councils Challenge – Utilising the contribution of London Local Government more broadly

Item no: 7

Report by:	John O'Brien	Job title:	Chief Executive
Date:	28 th February 2017		
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Summary Following on from the London Councils Challenge report and discussions involving Leaders and chief executives – both separately and collectively – this report sets out a basis for strengthening the way in which the collective political leadership of London local government, via London Councils, can be best supported by contributions from the sector in London, in particular by borough chief executives.

Recommendations The Executive is asked to:

- (i) endorse the proposed means of strengthening the means by which London Councils is able to utilise the contribution of London local government more broadly to its collective political leadership via London Councils;
- (ii) agree that this position be reported to Leaders' Committee on 21st March.

Introduction

1. One of the key themes of the London Councils Challenge report was about how best the collective work of London local government could draw on wider contributions, from London local government, in particular from Borough chief executives. Officer networks exist across London local government and, often, work closely with London Councils. This style of working helps enable officers to share and learn from each other and about pan London development in a way that adds significant value to the work that they do locally – enabling them to serve their local councils and communities more effectively. Moreover, it has also meant that the collective influencing work of London Councils can be strengthened by the connection it then makes with real, on the ground practice and people from its member authorities.
2. The subject of how best to harness this relationship is one that Leaders have discussed in informal sessions following the Challenge report and the Executive discussed this at its Awayday session. Chief Executives, via the Chief Executive's London Committee (CELC), has also been reflecting on similar themes.
3. The Chair of London Councils, Councillor Kober, the Vice Chair, Councillor O'Neill along with the Chief Executive met recently with senior members of CELC to discuss these issues. This report seeks to crystallise the outcome from that discussion.

Background

London Councils context

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

“The way in which the collective talent, ambition and legitimate leadership of borough Leaders works with the talent pool of borough senior staff, London Councils staff and hired experts seems ripe for maturation. Leaders need to agree this is an important key role for ‘their’ Chief Executives. London Councils could have a commissioning relationship with CELC, for example asking senior staff to work up options for how a particular issue might be tackled. In such an evolved system, the Chief Executive of London Councils ought to have a more obvious leadership role to ensure such system coherence. This would leave Leaders to think about the political deliverability of such options.

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

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

CELC context

6. Last year, CELC discussed its future, its relationship with other parts of London local government, London Councils, the GLA and wider London public service. The conclusions of this discussion were endorsed by the full CELC meeting on 22nd April 2016.
7. In essence, CELC concluded that it should seek to be both:
 - a voluntary professional network of supportive colleagues helping each other to do their jobs as London borough Chief Executives most effectively on behalf of their councils and the public they served; and,
 - a body that is ambitious for London as a whole and seeks to influence and contribute to the wider governance and leadership of public service in London.

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

8. Further to that, CELC concluded that it would seek to build on its successful direction of travel in recent years by carrying on with a small number of CELC theme leads to work on key policy and service issues with national and London partners and in association with London Councils.

Consideration

9. It was agreed at the meeting between the Chair and Vice Chair of London Councils and senior CELC representatives that a practical way forward should be found that would aim to work with the grain of what has been effective about working relationships to this point in time, whilst also seeking directly to resolve some of the outstanding issues of clarity and accountability that were, in different ways, of concern. In addition to clarity, there is also an imperative to ensure more shared knowledge and understanding among London Councils members about who chief executives are in each of the boroughs and what key issues they are collectively working on. There is real mutual benefit to be had, it was felt, from a more explicit piece of two way communication.
10. In terms of a further evolution of the April 2016 position that CELC had reached, it appeared that the steps that need to be taken to meet the challenges that leading members and, potentially, some CELC members, would offer were:

- clarifying the 'pivot' or commissioning role of the Chief Executive of London Councils – working with leading CELC representatives - in respect of securing support in discharging the collective political will of Leaders' Committee and distinguishing this from any collectively held professional or managerial view, which might be expressed via a separate route, eg via SOLACE nationally or regionally;
- clarifying the means by which that pivot or commissioning role is played. Firstly, this means transparency with leading members about the identity of those commissioned to play such roles, in which areas and the basis for that. Secondly, it needs to be explicit about the need for consultation with officers of CELC to help inform such commissions;
- codifying the nature of the accountability line that flows from decisions taken by the London Councils Leaders' Committee, its associated joint committees and their Executives through the London Councils Chief Executive to commissioned Chief Executive and senior professional advice and support. There needs to be a clear, shared understanding of what, if any, obligations such an approach places upon any senior London local government officer when working on the collective behalf. In addition, the responsibility of the Chief Executive of London Councils for the *overall* advice offered to members collectively needs to be reflected in the way set out in both the April CELC paper and the Challenge report – and, linked to that, the direct accountability of London Councils officers to the senior management of the organization in this model also needs to be widely understood. This potentially became more important in the context of a separate outcome from the Challenge process to consider, for certain specific issues, supplementing London Councils' capacity with some senior, time limited resource on particular projects.

Proposition

11. It is proposed that the imperatives set out above be consolidated into a governing set of principles to underpin the operation of commissioned support to London Councils by chief executives and other senior staff.
12. It is proposed that the Chief Executive of London Councils, working with the Chair and Deputy Chair of CELC, commissions support from 'Lead' Chief Executives in each of the following areas.
 - Finance and Resources - including Business Rates Reform
 - Health and Adult Social Care
 - Children's Services
 - Housing Growth and Re-generation
 - Skills and Employment
 - Transport
 - Crime and Community Safety
 - Devolution and Public Service Reform

13. These areas provide coverage against the main areas of current political priority dealt with by the London Councils Executive and provide coverage of all the main London Councils Executive portfolio areas. It is proposed that the Chief Executive of London Councils informs all CELC members of such roles each June – following the London Councils AGM when the configuration of political portfolios is established for the forthcoming year – and provides an opportunity for all those interested in playing any such roles to identify themselves. The Chief Executive of London Councils, in consultation with the Chair and Deputy Chair of CELC, would commission individuals to take on these ‘Lead’ roles for the twelve month period starting on September 1st each year. In practice, some ‘Leads’ might play the same role for 3-4 years – but the process would be renewed annually as above. The completed list would be reported annually to the October Leaders’ Committee for information. In addition, picking up on the point about stronger two way communication made earlier, there may be merit in some simple briefing about the identity of chief executives across London for leading members.
14. In undertaking this commissioning role, the Chief Executive of London Councils, working with the Chair and Deputy Chair of CELC, would need to take account of:
- expressions of interest;
 - existing areas of experience, interest and expertise;
 - the different dimensions of the nature of the boroughs that the chief executives work for (including geographical spread, nature of places, political control etc);
 - diversity of a group of chief executives commissioned.
15. In addition, it may be that in many of these areas, a support group of chief executives and senior professionals needs to be established to act as a guide/sounding board for the work of the ‘Lead’ Chief Executive and senior London Councils policy staff in preparing options for members. These groups would need to secure appropriate professional representation and participation, allied to a balanced membership, including for all sub-regions.
16. These groups would build on a number of such groupings that have already been established.
17. Lead Chief Executives and supporting groups would, alongside senior London Councils staff, brief London Councils portfolio holders periodically and present options for collective political consideration. From time to time, relevant ‘Lead’ Chief Executives would attend formal member meetings (eg Leaders’ Committee, Executive) to be part of the advisory capacity available to members. It may be that there ‘Lead’ Chief Executives would, collectively, join the London Councils Executive on occasions when it is taking a longer term, strategic view of priorities. This could help inform business planning – which will be a means for capturing the nature of what is being commissioned from such contributions and reviewing how effective London local government has been in pursuing its ambitions.
18. In all of this, as indicated earlier, the Challenge Report emphasised the importance of the Chief Executive of London Councils remaining accountable for the overall advice presented to members in such collective forums – be that from London Councils officers or others in London local government.

19. CELC will continue to work collectively on a range of themes and issues that support its chief executive members to do their jobs in boroughs most effectively. These are likely to be in the sphere of operational, managerial and professional matters that chief executives and others will wish to collaborate on, but are not identified as being the highest immediate political or policy priority collectively for London Councils Leaders' Committee. These are likely to include:
- Resilience, Prevent and Counter-Terrorism;
 - Coroners;
 - Elections;
 - Workforce;
 - Performance/Self Improvement;
 - Housing Management/TA.
20. Whilst these types of activity would not be part of the London Councils commissioning framework proposed above, that is not to say that London Councils would not continue to work with chief executives and other professional groupings on activities linked to these and other areas as it does now. London Councils is, after all, a resource for London local government politically, professionally and managerially and it tries to help promote useful linkages between all of those spheres. It also does not mean that these groups will not, from time to time, report to members, including Leaders' Committee, on these and other issues as is the case now. It is simply indicating that these types of activity are more clearly flowing from officers' collective work in the first instance, rather than being the highest policy or political priority for Leaders' Committee.

Self Improvement

21. The Challenge report stated that:

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

22. The approach referred to as having been developed with the LGA is attached at Appendix One for information.
23. It is proposed that Leaders' Committee be invited to consider an annual report from the Self Improvement Board. It may wish to invite the Chair of the LGA Improvement Board to be present for that item so that the efficacy of the joint work across the sector to promote self improvement – as aspired to in the document at Appendix One – can be considered.

Conclusion

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

Financial Implications for London Councils

None

Legal Implications for London Councils

There are no direct legal implications for London Councils specifically flowing from this report. Legal advisers will be consulted in respect of the principles proposed in paragraph 11.

Equalities Implications for London Councils

The Chief Executive will have regard to equality considerations as part of the process described in paragraph 14.

Recommendations

The Executive is asked to:

- (i) endorse the proposed means of strengthening the means by which London Councils is able to utilise the contribution of London local government more broadly to its collective political leadership via London Councils;
- (ii) agree that this position be reported to Leaders' Committee on 21st March.

Appendix 1

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

Introduction

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

Issue

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

Proposition

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

Stage 1: Identifying signs of potential failure

5. The LGA's Independent Advisory Board, chaired by Steve Freer, concluded that 'it is important to recognise some of the indicators which may give rise to performance failures which include:-
 - *a lack of trust and confidence in relationships between leading members and senior staff;*
 - *adoption of high risk change strategies;*
 - *disengagement from the wider community of local government;*
 - *significant financial difficulties and/or inability to gain agreement for an appropriate financial strategy.*
6. We agree with this conclusion and that these are the signs that we should be monitoring against. There is a range of evidence, indicators and intelligence we would use to consider

whether there were, potentially, service or corporate issues of such significance emerging in specific London boroughs. This range includes:

- published data on performance and from inspection;
 - reports from councils on key performance or financial strategy/management issues;
 - data from LAPS tool;
 - data from LG Inform;
 - feedback from chief executive to chief executive peer discussion;
 - informal feedback from senior professional groups – in particular the Association of London Directors of Children’s Services, the Association of Directors of Adult Social Services in London and the Society of London Treasurers;
 - Independent regulator Auditor reports on financial health of councils and any NAO reports on financial systemic issues within the sector;
 - other intelligence and observations from LGA Principal Advisor and from LGA regional advisors in specific service areas, e.g. Children’s Services;
 - other soft intelligence via senior professional and political networks.
7. Most of those are, of course, signs of a potential issue – not hard evidence of its existence. We would treat them accordingly. It is very important that, based on such signs, we do not seek to make a judgment on any individual authority. We are very mindful of the danger of people feeling that they are being judged by ‘gossip’ or by hearsay. Based, however, upon this range of information, it is proposed that the Chair of the Self-Improvement Board, working with relevant colleagues on the CELC Steering Group (primarily the relevant policy lead) and the Chief Executive of London Councils, judge whether it is appropriate to seek a discussion with the Chief Executive of an authority that may be causing concern.

Stage 2: Initial Engagement

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

Stage 3: Post Engagement Action

9. A number of possible outcomes could flow from Stage 2. These include:
- there is a satisfactory resolution which indicates that there is not an issue of major substance and any focus or attention should be upon correcting anything about the *appearance* of a potential concern;
 - there is recognition that there is a performance challenge, but the council is well aware of it and has appropriate steps in place to deal with the issue. In this case, it may be relevant for the Chair of the Self-Improvement Board to ensure that it was an issue that was flagged as part of any future chief executive to chief executive peer arrangements;

- there is recognition that there is a performance challenge and that there is the need for some support from others in the sector. This may be about trying to broker some simple mentoring for individuals, exposure to good practice, joint sessions with management teams, secondments or peer support etc. On a case by case basis we would seek to facilitate some specific London support where this appeared likely to address the issue most effectively;
 - there is recognition that there is a performance challenge and that significant support is required from LGA based programmes, peers or the London led element of the national improvement programmes around children or adults. The Chair of the Self Improvement Board supported by the Chief Executive of London Councils, would liaise with the LGA Principal Adviser on brokering this;
 - there is recognition that there are cases representing a very significant performance challenge and that the seriousness of those, the national profile of them and the scale and nature of the support required means that the leadership of the engagement should rest with the LGA. In these cases, the LGA will work in close consultation, at all further stages, with the Chair of the Self-Improvement Board, any relevant lead chief executive and the Chief Executive of London Councils.
10. It is also the case that, in a very small number of cases, sector led efforts at improvement – in London, nationally or both in combinations – will not be capable of helping secure the sort of improvement necessary to avoid central government intervention.

Political oversight

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

Executive

Month 9 Revenue Forecast 2016/17

Item no: 8

Report by: Frank Smith

Job title: Director of Corporate Resources

Date: 28 February 2017

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Summary

This report summarises actual income expenditure recorded in the accounts as at 31 December 2016 (Month 9), provides a projected outturn figure for the year and highlights any significant forecast variances against the approved budget. A separate forecast is provided for each of London Councils three funding streams. The Executive is also provided with an update on London Councils reserves. The summary forecast outturn position is as follows:

	M9 Actual	Budget	Forecast	Variance
		£000	£000	£000
Total expenditure	293,443	397,981	395,043	(2,938)
Total income	(290,442)	(395,489)	(394,415)	1,074
Use of reserves	(486)	(2,492)	(2,623)	(131)
Net deficit/(surplus)	2,515	-	(1,995)	(1,995)
Net expenditure by Committee				
Grants	(130)	-	(759)	(759)
Transport and Environment	3,133	-	(868)	(868)
Joint	(488)	-	(368)	(368)
Net deficit/(surplus)	2,515	-	(1,995)	(1,995)

Recommendations The Executive is asked to note the overall forecast surplus as at 31 December 2016 (Month 9) of £1.995 million, compared to £1.758 million as at Month 6, and to note the position on reserves as detailed in paragraphs 14-16.

Introduction

1. London Councils revenue expenditure budget for 2016/17, as approved by the Leaders' Committee in December 2015 was £398.193 million. The budget was then adjusted by £68,000 to reflect the decision of this Committee to bring forward the £23,000 underspend in respect of NOTIFY in 2016/17, plus a £45,000 adjustment in respect of running costs. In addition payments in respect of the taxicard contract have been reduced by £280,000 on

confirmation of borough funding for the scheme for 2016/17, making a revised expenditure budget for 2016/17 of £397.981 million.

2. The corresponding revenue income budget approved by the Leaders' Committee in December 2015 was £398.193 million, which included an approved transfer of £2.469 million from reserves; £1.651 million of which related to the return of funds to boroughs from reserves. An additional transfer from reserves of £23,000 was made to cover the NOTIFY carry forward balance (see paragraph 1), plus additional central recharge income of £45,000, together with a reduction in Taxicard funding from the boroughs of £280,000. Total revised income, therefore, is budgeted to be £397.981 million, of which £2.492 million is a transfer from reserves to produce a balanced budget for the year.
3. This report analyses actual income and expenditure at the three quarter year stage of the current financial year and highlights any significant variances emerging against the approved budget.
4. After excluding the £621,000 projected underspend on taxicard, the projected surplus of £1.995 million is broken down as follows:
 - A projected net underspend of £224,000 in respect of officer employee costs;
 - A projected net deficit of £162,000 in respect of TEC traded services;
 - A projected net underspend of £47,000 relating to commissions in respect of the S.48 grants scheme;
 - A net projected underspend of £747,000 relating to slippage in the start of the new 2016+ joint borough/ESF funded programme, which started in November 2016 ;
 - A forecast underspend of £145,000 in respect of the commissioning budget/research, of which £20,000 relates to TEC research, plus £66,000 in respect of the improvement and efficiency legacy projects;
 - A forecast underspend of £200,000 in respect of journeys undertaken by independent bus operators as part of the Freedom Pass scheme;
 - A forecast underspend of £522,000 in respect of Freedom Pass issuing/reissuing costs, attributable to no substantive pass reissue exercise being undertaken in the current year;
 - Forecast deficits of £131,000 in respect of LEP funding towards the YPES, although this will be covered by an additional transfer from reserves, and £12,000 in respect of overall investment income; and

- Projected additional income arising from Lorry Control enforcement and replacement Freedom Passes of £133,000 and £72,000 respectively, although this is offset by a projected deficit of £17,000 on income from the issue of replacement Taxicards.

5. Table 1 below details the overall forecast position, with Tables 2-4 showing the position for the three separate funding streams.

Table 1 – Summary Income and Expenditure Forecast 2016/17, as at 31 December 2016.

	M9 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	3,755	5,378	5,154	(224)
Running Costs	1,499	2,814	2,791	(23)
Central Recharges	-	487	487	-
Total Operating Expenditure	5,204	8,679	8,432	(247)
Direct Services	7,043	8,574	9,000	426
Payments in respect of Freedom Pass and Taxicard	273,031	368,677	367,349	(1,328)
Commissioned grants services	5,554	7,505	7,458	(47)
London Funders Group	60	60	60	-
ESF commissions	698	1,880	349	(1,531)
One-off borough payments	1,651	1,651	1,651	-
Improvement and Efficiency work	-	265	199	(66)
YPES Regional/Provider Activities	47	50	50	-
Commissioning and Research	155	640	495	145
Total Expenditure	293,443	397,981	395,043	(2,938)
Income				
Contributions in respect of Freedom Pass and Taxicard	(272,250)	(368,790)	(368,224)	566
Borough contribution towards grant payments	(6,379)	(8,505)	(8,505)	-
Borough contribution towards YPES payments	(180)	(180)	(180)	-
Income for direct services	(5,487)	(8,974)	(9,337)	(363)
Core Member Subscriptions	(5,582)	(5,706)	(5,706)	-
Borough contribution towards LCP payments	(338)	(326)	(338)	(12)
Government Grants	(26)	(1,131)	(242)	889
Interest on Investments	-	(75)	(63)	12
Other Income	(200)	(289)	(307)	(18)
Central Recharges	-	(1,513)	(1,513)	-
Transfer from Reserves	(486)	(2,492)	(2,623)	(131)
Total Income	(290,928)	(397,981)	(397,038)	943
Net Expenditure	2,515	-	(1,995)	(1,995)
Applied to Funding Streams				
Grants Committee	(130)	-	(759)	(759)

Transport and Environment Committee	3,133	-	(868)	(868)
Joint Committee Functions	(488)	-	(368)	(368)
Net Expenditure	2,515	-	(1,995)	(1,995)

Revenue Forecast Position as at 31 December 2016 – Grants Committee

6. Table 2 below summarises the forecast outturn position for the Grants Committee:

Table 2 – Summary Forecast – Grants Committee

	M9 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	287	382	418	36
Running Costs	21	18	28	10
Central Recharges	-	155	155	-
Total Operating Expenditure	308	555	601	46
Commissioned grants services	5,554	7,505	7,458	(47)
London Funders Group	60	60	60	-
ESF commissions – 2016+	698	1,880	349	(1,531)
One-off payment to boroughs	486	486	486	-
Total Expenditure	7,106	10,486	8,954	(1,532)
Income				
Borough contributions towards commissioned services	(6,379)	(8,505)	(8,505)	-
Borough contributions towards the administration of commissions	(371)	(495)	(495)	-
ESF Grant – 2016+	-	(1,000)	(216)	784
Interest on Investments	-	-	(11)	(11)
Other Income	-	-	-	-
Transfer from Reserves	(486)	(486)	(486)	-
Total Income	(7,236)	(10,486)	(9,713)	773
Net Expenditure	(130)	-	(759)	(759)

7. The projected surplus of £759,000, is broadly split between the following:

- A projected underspend of £69,340 in respect of S.48 borough funded commissioned services relating to 2016/17, offset by the additional one-off payment of £22,000 to Ashiana, as agreed by the Grants Committee in March 2016;
- A projected net underspend of £747,000, including administration costs, due to slippage in anticipated payments to providers and claims for grants made in respect of the new 2016+ ESF programme; and
- A projected overspend position of £35,000 in respect of the administration of S.48 commissions.

Revenue Forecast Position as at 31 December 2016 – Transport and Environment Committee

8. Table 3 below summarises the forecast outturn position for the Transport and Environment Committee:

Table 3 – Summary Forecast – Transport and Environment Committee

	M9 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	423	652	564	(88)
Running Costs	197	297	247	(50)
Central Recharges	-	74	74	-
Total Operating Expenditure	620	1,023	885	(138)
Direct Services	6,940	8,426	8,852	426
Research		40	20	(20)
Payments in respect of Freedom Pass and Taxicard	273,031	368,677	367,349	(1,328)
One-off payment to boroughs	340	340	340	-
Total Expenditure	280,931	378,506	377,446	(1,060)
Income				
Contributions in respect of Freedom Pass and Taxicard	(272,250)	(368,790)	(368,224)	566
Income for direct services	(5,410)	(8,892)	(9,255)	(363)
Core Member Subscriptions	(97)	(97)	(97)	-
Government Grants	-	-	-	-
Interest on Investments	-	-	-	-
Other Income	(41)	(84)	(95)	(11)
Transfer from Reserves	-	(643)	(643)	-
Total Income	(277,798)	(378,506)	(378,314)	192
Net Expenditure	3,133	-	(868)	(868)

9. The projected surplus of £868,000 is made up of the following:

- A projected overall deficit of £162,000 in respect of TEC parking traded services, after considering an estimate of the level of borough/TfL/GLA usage volumes during the year to date. This is attributable to a number of areas.
 - Firstly, there is a projected net deficit of £90,000 in respect of environmental and traffic appeals (ETA). The estimated number of notice of appeals and statutory declarations received to date amounts to 31,439, giving a projected number for the year of 41,919, 10,966 less than the budgeted figure of 52,885. The current throughput of appeals is 2.55 appeals per hour, compared to a budget figure of 2.76. Throughput has been affected by the move to a new case management system and new procedures for considering statutory declarations and witness statements. However, with the bedding in of the new systems and further planned enhancements,

officers expect to see an increase in throughput over the final quarter of the year and beyond.

- Secondly, the transaction volumes for the TRACE parking systems used by boroughs and TfL to date have significantly reduced, although use of the TEC system has increased. This has resulted in a projected net deficit of £68,000;
 - Thirdly, payments to the County Court for the registration of parking debt by boroughs is forecast to exceed the £3 million budget by £500,000; however, these additional costs will be fully funded by the boroughs generating the transaction volumes; and
 - Finally, the fixed cost of the parking managed services contract with NPS is projected to marginally underspend by £2,000, although the fixed cost element of the new RUCA contract with the GLA/TfL, which became effective on 1 January 2017, will under recover costs of £5,000.
- A projected underspend of £45,000 in respect of employee costs. The cost of staff providing direct services (included within the direct services administration charge) is estimated to overspend by £43,000, although this is offset by an underspend on staffing costs attributable to non-operational and policy staff of £58,000. In addition, the maternity cover budget is estimated to be underspent by £30,000.
 - A projected underspend of £200,000 in respect of the £1.7 million budget for payments to independent bus operators, based on trends and claims emerging during the year.
 - A projected underspend of £522,000 in respect of the £1.518 million budget for payments in respect of the issuing/reissuing costs of Freedom Passes.
 - A projected underspend of £20,000 in respect of the research budget and a further £50,000 underspend projected in respect of the IT systems development budget.
 - Based on income collected to date, receipts from Lorry Control PCN income are forecast to exceed the budget of £750,000 by £133,000.

- Based on income collected to date, income receipts from replacement Freedom Passes are forecast to exceed the budget of £550,000 by £72,000. For replacement Taxicards, there is a projected deficit on the £36,000 income budget of £17,000 for the year.

Revenue Forecast Position as at 31 December 2016 – Joint Committee Core Functions

10. Table 4 below summarises the forecast outturn position for the Joint Committee core functions:

Table 4 – Summary Forecast – Joint Committee core functions

	M9 Actual	Budget	Forecast	Variance
	£000	£000	£000	£000
Expenditure				
Employee Costs	3,045	4,344	4,172	(172)
Running Costs	1,231	2,499	2,516	17
Central Recharges	-	258	258	-
Total Operating Expenditure	4,276	7,101	6,946	(155)
Direct Services	103	148	148	-
Commissioning and Research	155	600	475	(125)
Improvement and Efficiency work	-	265	199	(66)
YPES Regional/Provider Activities	47	50	50	-
One-off borough payment	825	825	825	-
Total Expenditure	5,406	8,989	8,643	(346)
Income				
Income for direct services	(77)	(82)	(82)	-
Core Member Subscriptions	(5,114)	(5,114)	(5,114)	-
Borough contribution towards YPES payments	(180)	(180)	(180)	-
Borough contribution towards LCP payments	(338)	(326)	(338)	(12)
Government Grants	(26)	(131)	(26)	105
Interest on Investments	-	(75)	(52)	23
Other Income	(159)	(205)	(212)	(7)
Central Recharges	-	(1,513)	(1,513)	-
Transfer from Reserves	-	(1,363)	(1,494)	(131)
Total Income	(5,894)	(8,989)	(9,011)	(22)
Net Expenditure	(488)	-	(368)	(368)

11. A projected underspend of £368,000 is forecast against the approved budget in respect of the joint committee core functions. Employee costs are projected to underspend by £172,000, primarily due to holding off recruiting to certain current vacant posts and by not having to apply the maternity cover budget during the year. In addition, there is a forecast underspend of £125,000 in respect of the commissioning budget and £66,000 in respect of the improvement and efficiency legacy projects. Additional income of £26,000 is forecast to

accrue in respect of the YPES managed Accelerated Learning Project, offset by forecast expenditure of £17,000.

12. Additional borough contributions towards London Care Placements of £12,000 and additional other income of £7,000 are forecast to accrue. These are offset by a projected shortfall of £23,000 in respect of investment income, plus a potential shortfall of £131,000 in respect of LEP funding for the YPES. Officers will continue to liaise with GLA officials to determine whether or not a contribution towards this service will be received in respect of 2016/17. If this income does not materialise, it will be offset by an additional transfer of £131,000 from uncommitted reserves, which is reflected in Table 4.

Externally Funded Projects

13. The externally funded projects are estimated to have matched income and expenditure of just over £7.3 million for 2016/17, including funding for the new ESF 2016+ programme. This is based on a review of the indicative budget plans held at London Councils by the designated project officers, which confirms that, at this stage, there is no projected net cost to London Councils for managing these projects during 2016/17.

Reserves

14. The forecast reserves position for each of the three funding streams for the current year and beyond is illustrated in Table 6 below:

Table 6 – Forecast reserves after all current commitments

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
Unaudited General Reserve at 31 March 2016	3,269	6,379	634	10,282
Unaudited Specific/ESF Reserve at 31 March 2016	1,000	-	1,358	2,358
Provisional reserves at 31 March 2016	4,269	6,379	1,992	12,640
Committed in setting 2016/17 budget	(303)	(515)	-	(818)
One-off payment to boroughs 2016/17	(340)	(825)	(486)	(1,651)
Balances c/f into 2016/17	-	(23)	-	(23)

Provision for support to 3 rd sector via City Bridge	-	-	(38)	(38)
Borough ESF 2008-15 programme closure provision	-	(300)	-	(300)
Provisional commitments for 2017/18 -2019/20	(2,628)	(1,826)	(2,035)	(6,489)
Forecast surplus/(deficit) 2016/17	868	368	759	1,995
Uncommitted reserves	1,866	3,258	192	5,316

15. The current level of commitments from reserves, as detailed in Table 6, come to £9.319 million over the short-medium term and are detailed in Table 7 below:

Table 7 – Commitments from Reserves 2016-2020

	2016/17	2017/18	2018-20	Total
	£000	£000	£000	£000
Approved transfer from JC general reserves	164	164	-	328
Approved transfer from TEC general reserves	303	288	-	591
NOTIFY system developments	23	-	-	23
Accumulated YPES funds	150	293	313	756
Slippage of ESG grants funding	-	-	1,804	1,804
One-off repayment to boroughs in 2015/16	1,651	826	-	2,477
Challenge Implementation Fund	-	525	-	525
Support to the health transition process	201	201	-	402
2020 Freedom Pass reissue	-	-	1,800	1,800
TEC priority projects	-	200	-	200
ESF 2008-15 programme closure	300	-	-	300
Support to 3 rd sector via City Bridge Trust	38	75	-	113
Totals	2,830	2,572	3,917	9,319

Conclusions

16. This report highlights the projected outturn position for the current year, based on transactions undertaken up until 31 December 2016 (month 9), together with known future developments. At this point, a forecast underspend of £1.995 million is projected for 2016/17, across the three funding streams. Uncommitted reserves are currently projected to be just under £5.3 million by the end of the current financial year.

Recommendations

17. The Executive is asked to note the overall forecast surplus as at 31 December 2016 (Month 9) of £1.995 million and note the position on reserves as detailed in paragraphs 14-16.

Financial Implications for London Councils

No additional implications other than detailed in the body of the report.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

None

Background Papers

London Councils Revenue Forecast File 2016/17

Executive

Debtors Update Report

Item no: 9

Report by: David Sanni **Job title:** Head of Financial Accounting
Date: 28 February 2017
Contact Officer: David Sanni
Telephone: 020 7934 9704 **Email:** david.sanni@londoncouncils.gov.uk

Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 July 2016.

A summary of the level of London Councils outstanding debts as at 31 December 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 July 2016

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/7/2016	11	31	42
Debts invoiced between 1/8/2016 – 31/12/2016	995	64	1,059
Total	1,006	95	1,101

Recommendations The Executive is asked:

- To note the level of outstanding debt of £10,911 in relation to borough, TfL and GLA invoices raised up until 31 July 2016, a reduction on the outstanding figure of £4.064 million reported to the Executive at its meeting on 13 September 2016;
- To note the level of outstanding debt of £994,622.20 in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2016;

- To note the level of outstanding debt of £95,607.94 in relation to other debtors invoices raised up until 31 December 2016;
 - To approve the write-off of £18,750 in respect of three invoices to recover European Social Fund (ESF) community grant funding as detailed in paragraph 8; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 8 of this report.
-

Debtors Update Report

Introduction

1. London Councils' Executive received a report at its meeting on 13 September 2016 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 July 2016. The position reported to this meeting is illustrated in Table 2 below:

Table 2 – Outstanding Borough/TfL and GLA debt invoiced up until 31 July 2016, as reported to the Executive on 13 September 2016

Debtor	Debt Amount (£)
Member boroughs	4,061,988.03
TfL	1,500.00
GLA	599.70
Total	4,064,087.73

Current Position

2. The current position in respect of outstanding debt due from member boroughs, TfL and the GLA up to 31 July 2016 is detailed in Table 3 below:

Table 3 – Outstanding Borough/TfL and GLA debt invoiced up until 31 July 2016, as at 31 December 2016

Debtor	Debt Amount (£)
Member boroughs	10,911.00
TfL	-
GLA	-
Total	10,911.00

3. A breakdown of the outstanding debt is included at Appendix A to this report. The current balance at February 2017 has been reduced to £312. Finance officers are liaising with the appropriate borough officers with the aim of resolving the remaining debt by the end of March 2017.

Borough/TfL/GLA Debt 1 August to 31 December 2016

4. Appendix B to this report shows the level of outstanding debt owed to London Councils by its member boroughs and TfL/GLA over the period 1 August to 31 December 2016, which totals £994,622.20. This debt is profiled as illustrated in Table 4 below:

Table 4 – Outstanding Borough/TfL and GLA debt 1 August to 31 December 2016

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	255	487	93	160	995
TfL	-	-	-	-	-
GLA	-	-	-	-	-
Total	255	487	93	160	995

5. Under the terms of the Financial Services SLA with the City of London, reminders in respect of unpaid invoices are sent out to debtors by the City on behalf of London Councils after 21 and 35 days. If a debt is still outstanding after 42 days, it is handed back over to London Councils for further action to be taken. Finance officers are, therefore, actively pursuing the debt of £253,000 that has been outstanding for over 60 days. The aim is to ensure that the majority of the unpaid debt at any point in time has been outstanding for less than 30 days, with a minimal amount being outstanding for between 30 and 60 days. Boroughs, TfL and GLA are urged to ensure that any disputed amounts are promptly reported back to London Councils, detailing the full nature of the dispute. In cases where the value and/or number of outstanding invoices owed by a borough are unacceptably high, the debts are referred to the Chief Executive and Borough Treasurer through contact from London Councils Chief Executive and /or Director of Corporate Resources to assist in the recovery of the funds.

Significant Borough/TfL/GLA Debtors

6. All significant borough, TfL and GLA debts over 60 days were paid by 1 February 2017.

Other Debtors

7. Appendix C to this report shows the level of outstanding debt owed to London Councils by third parties other than member boroughs, TfL and the GLA at 31 December 2016. An aged analysis of these debts is summarised in table 5 below:

Table 5 – Non-borough/TfL/GLA outstanding debt as at 31 December 2016

	Total Debt (£)	No. of invoices
2013/14 debts	350.00	1
2014/15 debts	12,259.32	2
2015/16 debts	18,750.00	3
2016/17 debts between 30 – 60 days old	8,357.40	13
2016/17 debts 30 days or less	55,891.22	12
Total	95,607.94	31

8. The significant individual debtors within the outstanding balances over 60 days are:

- **Repayment of ESF Community Grants - £31,009.32 – 6 invoices**

Table 6 below contains a list of six organisations awarded community grants under the discretionary ESF co-financing programme that have been asked to repay their unused grant funding.

Table 6 – List of Community Grant debtors

Name of organisation	Outstanding repayment at 31 December 2016
Ardent Foundation	6,250.00
Community Business Enfield	6,249.82
Creative Innovation	350.00
Cross Wave Ltd	6,250.00
Forte Creations	6,250.00
Kimbanguist Association of London	6,009.50
Total	31,009.32

Three organisations have been referred to the City of London Solicitor's Department for legal action to be taken to recover the debts. The organisations referred to the legal team are:

- Community Business Enfield;
- Creative Innovation; and
- Kimbanguist Association for London.

Negotiations continue to take place between these organisations, London Councils' officers and the City of London Solicitor's Department. The remaining three organisations, listed below, were investigated for possible fraudulent claims:

- Ardent Foundation;
- Cross Wave Ltd; and
- Forte Creations Ltd.

As reported to the Executive in September 2016, these three organisations which all operate in the London Borough of Tower Hamlets were awarded community grants of £12,500 each in May 2015 and issued advanced funding of £6,250. A review of the evidence provided in their claims revealed that a number of the participants on their projects were bogus or ineligible for enrolment on the programme and forged invoices

were presented for events that had not occurred. In addition to these issues there were other similarities with the three organisations such as addresses and training and publicity material which highlight the link between the organisations. The organisations were notified of the withdrawal of their grant and asked to repay the advanced funding. The case was referred to the police in October 2015 but the matter was not pursued due to the low materiality of the loss. The Companies House website shows that Cross Wave Ltd and Forte Creations Ltd have been dissolved with Ardent Foundation due to be struck off the register this month. Given the circumstances, it is unlikely that these debts of £18,750 will be recovered. The debts have already been fully provided for in London Councils' existing bad debt provision and a write-off will have no impact on the 2016/17 revenue account. Formal approval is, therefore, requested from the Executive for the write-off of these debts.

9. The City of London's role in raising London Councils' debtor invoices is detailed in paragraph 5 of this report. For those debts that have reached the 42 day cut-off point, letters are prepared seeking immediate payment, otherwise London Councils will consider taking further action. The Finance Section undertakes prompt follow up action as soon as the debt is referred back by the Corporation.
10. If the debt write-off recommended in this report is approved, the overall level of debtors will reduce by £18,750 from £1,101,141.14 to £1,082,391.14 as at 31 December 2016.

Summary

11. This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 July 2016.
12. A summary of the level of London Councils outstanding debts as at 31 December 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2016

Period	Borough / TfL / GLA Debts	Non-borough / TfL / GLA Debts	Total Debts
	£000	£000	£000
Debts invoiced up to 31/7/2016	11	31	42
Debts invoiced between 1/8/2016 – 31/12/2016	995	64	1,059
	1,006	95	1,101

Recommendations

13. The Executive is asked:

- To note the level of outstanding debt of £10,911 in relation to borough, TfL and GLA invoices raised up until 31 July 2016, a reduction on the outstanding figure of £4.064 million reported to the Executive at its meeting on 13 September 2016;
 - To note the level of outstanding debt of £994,622.20 in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2016;
 - To note the level of outstanding debt of £95,607.94 in relation to other debtors invoices raised up until 31 December 2016;
 - To approve the write-off of £18,750 in respect of three invoices to recover European Social Fund (ESF) community grant funding as detailed in paragraph 8; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 8 of this report.
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Financial Implications for London Councils

The financial implications are incorporated into the body of the report.

Legal Implications for London Councils

None.

Equalities Implications for London Councils

None.

Appendices

- Appendix A: Outstanding Borough/TfL/GLA debts invoiced up to 31 July 2016
- Appendix B: Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2016
- Appendix C: Outstanding Other Debts at 31 December 2016

Background Papers

London Councils Debtors working papers 2016/17

Report to Executive on 13 September 2016

Appendix A - Outstanding Borough/TfL/GLA debts invoiced up to 31 July 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4165286	London Borough of Lambeth	3330	22/02/2016	312.00	312.00	313
4172430	City of Westminster	65194	06/06/2016	10,599.00	10,599.00	208
Total				10,911.00	10,911.00	

Appendix B - Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4187591	LB of Barking & Dagenham	83338	21/12/2016	2,180.10	2,180.10	10	2,180.10			
	LB of Barking & Dagenham Total			2,180.10	2,180.10		2,180.10	0.00	0.00	0.00
4180982	London Borough of Barnet	65237	28/09/2016	98,793.00	98,793.00	94				98,793.00
4184618	London Borough of Barnet	65237	09/11/2016	93,788.00	93,788.00	52		93,788.00		
4186103	London Borough of Barnet	65237	30/11/2016	4,080.00	4,080.00	31		4,080.00		
	London Borough of Barnet Total			196,661.00	196,661.00		0.00	97,868.00	0.00	98,793.00
4181749	London Borough of Bexley	82583	07/10/2016	9,398.85	9,398.85	85			9,398.85	
	London Borough of Bexley Total			9,398.85	9,398.85		0.00	0.00	9,398.85	0.00
4184624	London Borough of Brent	80673	09/11/2016	104,656.00	104,656.00	52		104,656.00		
4184982	London Borough of Brent	80673	14/11/2016	1,008.00	1,008.00	47		1,008.00		
4187470	London Borough of Brent	80673	19/12/2016	6,430.17	6,430.17	12	6,430.17			
	London Borough of Brent Total			112,094.17	112,094.17		6,430.17	105,664.00	0.00	0.00
4186695	London Borough of Camden	73305	09/12/2016	14,320.00	14,320.00	22	14,320.00			
	London Borough of Camden Total			14,320.00	14,320.00		14,320.00	0.00	0.00	0.00
4186696	Croydon Council	71501	09/12/2016	24,000.00	24,000.00	22	24,000.00			
	Croydon Council Total			24,000.00	24,000.00		24,000.00	0.00	0.00	0.00
4186699	London Borough of Enfield	95679	09/12/2016	8,232.00	8,232.00	22	8,232.00			
	London Borough of Enfield Total			8,232.00	8,232.00		8,232.00	0.00	0.00	0.00
4185193	Royal Borough of Greenwich	124082	16/11/2016	2,176.37	2,176.37	45		2,176.37		
4186700	Royal Borough of Greenwich	124082	09/12/2016	5,224.00	5,224.00	22	5,224.00			
	Royal Borough of Greenwich Total			7,400.37	7,400.37		5,224.00	2,176.37	0.00	0.00
4186706	London Borough of Hackney	37291	09/12/2016	3,176.00	3,176.00	22	3,176.00			
4187589	London Borough of Hackney	37291	21/12/2016	212.40	212.40	10	212.40			
	London Borough of Hackney Total			3,388.40	3,388.40		3,388.40	0.00	0.00	0.00
4184651	L. B. Hammersmith and Fulham	101404	09/11/2016	52,709.00	52,709.00	52		52,709.00		
4186707	L. B. Hammersmith and Fulham	101404	09/12/2016	12,248.00	12,248.00	22	12,248.00			
	L. B. Hammersmith and Fulham Total			64,957.00	64,957.00		12,248.00	52,709.00	0.00	0.00
4181799	London Borough of Haringey	79442	07/10/2016	41,312.01	41,312.01	85			41,312.01	
4184659	London Borough of Haringey	79442	09/11/2016	91,459.00	91,459.00	52		91,459.00		
4186691	London Borough of Haringey	79442	09/12/2016	120.30	120.30	22	120.30			
	London Borough of Haringey Total			132,891.31	132,891.31		120.30	91,459.00	41,312.01	0.00
4182685	London Borough of Harrow	79451	17/10/2016	336.00	336.00	75			336.00	
4184671	London Borough of Harrow	79451	09/11/2016	46,808.00	46,808.00	52		46,808.00		
4186709	London Borough of Harrow	79451	09/12/2016	31,936.00	31,936.00	22	31,936.00			
	London Borough of Harrow Total			79,080.00	79,080.00		31,936.00	46,808.00	336.00	0.00
4186283	London Borough of Havering	67402	05/12/2016	4,080.00	4,080.00	26	4,080.00			
	London Borough of Havering Total			4,080.00	4,080.00		4,080.00	0.00	0.00	0.00
4186710	London Borough of Hillingdon	71486	09/12/2016	6,016.00	6,016.00	22	6,016.00			
	London Borough of Hillingdon Total			6,016.00	6,016.00		6,016.00	0.00	0.00	0.00
4186711	London Borough of Hounslow	67448	09/12/2016	14,408.00	14,408.00	22	14,408.00			
	London Borough of Hounslow Total			14,408.00	14,408.00		14,408.00	0.00	0.00	0.00
4184617	London Borough of Islington	5693	09/11/2016	4,080.00	4,080.00	52		4,080.00		
	London Borough of Islington Total			4,080.00	4,080.00		0.00	4,080.00	0.00	0.00

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4181466	Royal Borough of Kensington & Chelsea	111455	04/10/2016	40,390.50	40,390.50	88			40,390.50	
4184690	Royal Borough of Kensington & Chelsea	111455	09/11/2016	52,844.00	52,844.00	52		52,844.00		
4186712	Royal Borough of Kensington & Chelsea	111455	09/12/2016	17,264.00	17,264.00	22	17,264.00			
4186807	Royal Borough of Kensington & Chelsea	111455	12/12/2016	211.50	211.50	19	211.50			
Royal Borough of Kensington & Chelsea Total				110,710.00	110,710.00		17,475.50	52,844.00	40,390.50	0.00
4186713	Royal Borough of Kingston	75215	09/12/2016	4,032.00	4,032.00	22	4,032.00			
4187599	Royal Borough of Kingston	75215	21/12/2016	11,708.00	11,708.00	10	11,708.00			
Royal Borough of Kingston Total				15,740.00	15,740.00		15,740.00	0.00	0.00	0.00
4186717	London Borough of Lambeth	3330	09/12/2016	22,832.00	22,832.00	22	22,832.00			
London Borough of Lambeth Total				22,832.00	22,832.00		22,832.00	0.00	0.00	0.00
4184621	London Borough of Lewisham	39651	09/11/2016	4,080.00	4,080.00	52		4,080.00		
4184942	London Borough of Lewisham	39651	14/11/2016	72.00	72.00	47		72.00		
4186718	London Borough of Lewisham	39651	09/12/2016	15,392.00	15,392.00	22	15,392.00			
London Borough of Lewisham Total				19,544.00	19,544.00		15,392.00	4,152.00	0.00	0.00
4181489	City of London	5408	04/10/2016	1,070.00	1,070.00	88			1,070.00	
City of London Total				1,070.00	1,070.00		0.00	0.00	1,070.00	0.00
4184410	London Borough of Newham	54574	08/11/2016	24,000.00	24,000.00	53		24,000.00		
4186073	London Borough of Newham	54574	30/11/2016	4,914.00	4,914.00	31		4,914.00		
4187130	London Borough of Newham	54574	14/12/2016	23,992.00	23,992.00	17	23,992.00			
London Borough of Newham Total				52,906.00	52,906.00		23,992.00	28,914.00	0.00	0.00
4186726	LB of Richmond Upon Thames	92507	09/12/2016	3,816.00	3,816.00	22	3,816.00			
LB of Richmond Upon Thames Total				3,816.00	3,816.00		3,816.00	0.00	0.00	0.00
4181107	City of Westminster	65194	28/09/2016	61,473.00	61,473.00	94				61,473.00
4185067	City of Westminster	65194	14/11/2016	408.00	408.00	47		408.00		
4186729	City of Westminster	65194	09/12/2016	22,936.00	22,936.00	22	22,936.00			
City of Westminster Total				84,817.00	84,817.00		22,936.00	408.00	0.00	61,473.00
Grand Total				994,622.20	994,622.20		254,766.47	487,082.37	92,507.36	160,266.00

Appendix C - Outstanding Other Debts at 31 December 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4117848	Creative Innovation	576747	17/03/2014	3,204.39	350.00	1,020
2013/14 debts				3,204.39	350.00	
4129152	Community Business Enfield	577767	10/09/2014	6,249.82	6,249.82	843
4140378	Kimbanguist Association of London	583505	16/03/2015	6,009.50	6,009.50	656
2014/15 debts				12,259.32	12,259.32	
4158510	Cross Wave Ltd	585644	18/11/2015	6,250.00	6,250.00	409
4158512	Ardent Foundation	585622	18/11/2015	6,250.00	6,250.00	409
4158514	Forte Creations Limited	585621	18/11/2015	6,250.00	6,250.00	409
2015/16 debts				18,750.00	18,750.00	
4184029	Bournemouth University	481054	02/11/2016	600.00	600.00	59
4184639	Dawson Books	451747	09/11/2016	35.00	35.00	52
4184712	Wellington Street Partners Ltd	588245	09/11/2016	192.00	192.00	52
4184946	Agilisys Ltd	577354	14/11/2016	2,179.00	2,179.00	47
4185223	Department for Communities & Local Government	513151	16/11/2016	690.00	690.00	45
4185247	Peter Bedford Housing Association	405619	16/11/2016	240.00	240.00	45
4185495	Bournemouth University	481054	21/11/2016	300.00	300.00	40
4185598	Spitalfields Housing Association Ltd	588329	22/11/2016	150.00	150.00	39
4185709	Oxygen Finance Ltd	575294	23/11/2016	192.00	192.00	38
4185860	Thames Water Utilities Ltd	9121	25/11/2016	954.00	954.00	36
4185862	First4skills Limited	576680	25/11/2016	233.40	233.40	36
4185897	Mid Ulster District Council	585540	28/11/2016	2,400.00	2,400.00	33
4185901	Vesta Chartered Town Planners	588358	28/11/2016	192.00	192.00	33
2016/17 debts over 60 days				8,357.40	8,357.40	
4186288	Southend-On-Sea Borough Council	369664	05/12/2016	414.00	414.00	26
4186292	Calder Conferences Ltd	575018	05/12/2016	444.00	444.00	26
4186299	Peter Bedford Housing Association	405619	05/12/2016	456.00	456.00	26
4186595	London LGPS CIV Limited	586448	08/12/2016	33,271.20	33,271.20	23
4186605	Bournemouth University	481054	08/12/2016	1,200.00	1,200.00	23
4186692	Bournemouth University	481054	09/12/2016	1,500.00	1,500.00	22
4186703	Calder Conferences Ltd	575018	09/12/2016	450.00	450.00	22
4186721	Shared Services Connected Limited	586572	09/12/2016	16,903.82	16,903.82	22
4186819	National Development Team for Inclusion	587799	12/12/2016	295.80	295.80	19
4186830	Southend-On-Sea Borough Council	369664	12/12/2016	327.30	327.30	19
4187559	Electrical Safety First	577947	21/12/2016	269.10	269.10	10
4187598	Biggin Hill Primary School	588536	21/12/2016	360.00	360.00	10
2016/17 debts 30 days or less				55,891.22	55,891.22	
Total other debts at 31 December 2016				98,462.33	95,607.94	