

Executive

20 June 2017: 10.30 am ¹

London Councils offices are wheelchair accessible

Location: Room 5

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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.

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

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

¹ (or on the rise of a previous meeting)

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

Cllr Claire Kober OBE was in the chair

Present

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

London Councils officers were in attendance

1. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Darren Rodwell.

2. Declaration of interest

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

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

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

4. Devolution and Public Service Reform – verbal update

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

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

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

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

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

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

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

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

5. Transforming Health and Care through Devolution

Cllr Kevin Davis introduced the item saying that the draft Health and Care Devolution Memorandum of Understanding was close to being finalised. He felt it would be helpful

if this could be complemented by London Councils undertaking some of its own work about a more locally-lead system of health and care.

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

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

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

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

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

6. Housing White Paper

Mayor Sir Steve Bullock introduced the report saying:

- Discussions had been taking place with the new Housing minister Gavin Barwell MP
- The issue of right to buy for tenants of units built by local Housing Companies had been touched upon. The minister had indicated some greater flexibility and range of positions on these matters as some reports had suggested would be the case.
- The minister saw a clear role for boroughs in delivering on the White Paper aspirations in London. He was keen to work with London Councils and has agreed to address a London Councils event for Leaders, Housing Partnership leads and senior officers in April.

- He was happy to have a conversation about powers and potential resources coming to boroughs in exchange for a clear commitment to the construction of housing units
- There had been a welcome departure from the position of previous Housing minister's approach in that it was acknowledged that there was no solution in the short, medium or long term without an increase in rental supply

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

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

The Executive agreed to note the report.

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

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

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

Cllr Davis commented that it was important that issues did not emerge from CELC that ran ahead of political direction. There needed to be a relationship between Chief Executives commissioned to support the work of London Councils and the London Councils portfolio-holders.

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

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

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

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

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

The Executive agreed to note the report.

8. Month 9 Revenue Forecast 2016/17

The Director of Corporate Resources introduced the report saying that it was the last report of the financial year and showed a projected underspend of just under £2m.

Parallel reports would be going to TEC and Grants Committee.

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

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

9. Debtors Update Report

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

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

Action points

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

The meeting ended at 10:15

Executive (sitting as the Appointments Panel)

Nominations to Outside Bodies

Item no: 5

Report by: Derek Gadd **Job title:** Head of Governance

Date: 20 June 2017

Contact Officer: Derek Gadd

Telephone: 020 7934 9505 **Email:** derek.gadd@londoncouncils.gov.uk

Summary: This report provides the Executive in its capacity as the Appointments Panel, with details of London Councils' nominations/appointments made to outside bodies.

Recommendations: The Executive is recommended to note the proportionality of London Councils appointments to outside bodies.

Nominations to Outside Bodies

Background

1. In 2002, London Councils' Elected Officers, acting in their capacity as its Appointments Panel, agreed to delegate the making of nominations to outside bodies to the Chief Executive within agreed guidelines and on Nolan principles and on the basis that they were reported to the next available meeting of the Appointments Panel. The guidelines were refined in 2012 with a fresh set of principles agreed.

Principles applied in making nominations

2. In recent years efforts have been made to ensure the totality of London Councils nominations to outside bodies reflected the balance of the party groups on Leaders' Committee and a report goes to the May meeting of the Executive to that end, with a status update each year of the outside bodies and London Councils nominated members on them. Those appointments are listed in detail in Appendix 1.

New appointments

3. The Chief Executive has made one fresh set of appointments, to the Royal Parks Board to reflect changes of some borough leaders. The new set of appointees are:

Cllr Nickie Aiken (City of Westminster, Con)

Cllr Denise Hyland (RB Greenwich, Lab)

Cllr Lord True (Richmond, Con)

Proportionality

4. An analysis of the total number of party group members appointed to outside bodies can be found in Appendix 2. There has been the usual churn with outside bodies, a number – the Outer London Commission, the London Electric Vehicle Partnership, the London Waterways Commission, the London Infrastructure Delivery Board and the Green Infrastructure Task Force have ceased to exist and been removed from the grid. As can be seen from Appendix 2, the Labour Group has one more place than it should on the grounds of strict proportionality and the Conservative Group one too few.

Financial Implications:

Where remunerated, payments are made by the appointing body and there are, therefore, no financial implications arising directly from this report.

Legal Implications:

In making appointments London Councils complies with relevant legislation. It also seeks to comply with the 'Nolan' Seven Principles of Public Life.

Equalities Implications:

There are no equalities implications for London Councils.

Recommendation:

The Executive is recommended to note the proportionality of London Councils appointments to outside bodies.

Appendices

Appendix 1: London Councils' Nominations to Outside Bodies

Appendix 2: An analysis of the proportionality of the total number of Labour and Conservative members appointed to outside bodies

Item 5 - Appendix 1: London Councils' Nominations to Outside Bodies 2017

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
1. Corporate		
London Fire and Emergency Planning Authority (LFEPA)	<p>Labour Cllr Fiona Colley (Southwark) Cllr Sarah Hayward (Camden) Cllr Jack Hopkins (Lambeth) Cllr Amy Whitelock Gibbs (Tower Hamlets) Cllr Martin Whelton (Merton)</p> <p>Conservative Cllr Susan Hall (Harrow) Cllr Oonagh Moulton (Merton)</p> <p><u>Officer:</u> Derek Gadd</p>	Annual nominations. Political balance (calculated on total number of councilors across London) for 2015/16 is Lab 5 and Con 2. London Councils nominates on behalf of London boroughs who are obliged to make nominations by the GLA Act 1999. LFEPA meets 5 times per annum. LFEPA is being wound up.
Lee Valley Regional Park Authority (LVRPA)	<p>Labour Cllr Ross Houston (Barnet) Cllr Heather Johnson (Camden) Cllr Nick Draper (Merton) Cllr Alan Smith (Lewisham)</p> <p>Conservative Cllr. Paul Osborn (Harrow) Cllr Stephen Carr (Bromley) Cllr Sarah McDermott (Wandsworth)</p> <p>Liberal Democrat Cllr Gwyneth Deakins (Redbridge)</p> <p><u>Officer:</u> Derek Gadd</p>	London Councils has taken on responsibility to make borough nominations that originally rested with GLC. London Councils nominates 8 Cllrs from non-riparian boroughs for 4 year term, a process which began in June 2001 and is, therefore, due for renewal in 2017. The proportional breakdown after the elections in 2014 (based on number of councils controlled) was 5 Labour and 3 Con but Labour have relinquished one of their places so that the LDs could have a place. The LVRPA meets approximately 5 times per annum.
2. Transport and Environment Committee		
Heathrow Airport Consultative Committee (HACC)	<p><u>Main Rep:</u> Darren Merrill (Southwark)</p> <p><u>Deputy:</u> Cllr Tim Coleridge (RB K&C, Con)</p> <p><u>Officer:</u> Alan Edwards</p>	The HACC is a statutory "watchdog" for Heathrow Airport which reviews all matters of interest to stakeholders in London relating to Heathrow Airport, including surface access, employment and safety and operational issues. Meetings are held at

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		Heathrow every two months. London Councils makes one nomination per year, and one deputy.
Thames Regional Flood and Coastal Committee (RFCC)	<p><u>Labour</u></p> <p>South West – Cllr Nick Draper (Merton) South East – Cllr Alan Smith (Lewisham) North East – Cllr Lynda Rice (Barking & Dagenham) Central South – Cllr Jennifer Braithwaite (Lambeth) North – Cllr Daniel Anderson (Enfield)</p> <p><u>Conservative</u></p> <p>West – Cllr Dean Cohen (Barnet) Central North – Cllr Tim Coleridge (RBK&C)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The Thames Regional Flood and Coastal Committee (RFCC) was established by the Environment Agency (EA) under the Flood and Water Management Act 2010. It brings together members appointed by Lead Local Flood Authorities (LLFAs) and independent members with relevant experience to ensure there are coherent plans for identifying and managing flood risks, to ensure investment is value for money and efficient, and provide links between the EA and LLFAs.</p> <p>Borough membership of the Committee (7 borough members) is made through London Councils' TEC. Nominations are made on a yearly basis, and deputies for each region are required, where possible. The RFCC meets quarterly.</p>
London Sustainable Development Commission (LSDC)	<p>Cllr Claudia Webbe (LB Islington, Labour)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The LSDC works to develop a coherent approach to sustainable development throughout London, not only to improve the quality of life of Londoners today and for generations to come but also to reduce London's footprint on the rest of the UK and the world. Ensure the views of London boroughs are represented on the Commission and the work they are undertaking, including the setting of performance indicators. Meetings take place every quarter and nominations are made on an annual basis.</p>
Urban Design London (UDL)	<p>Cllr Nigel Haselden (Lambeth, Labour)</p> <p>Cllr Daniel Moylan (RB Kensington & Chelsea, Conservative)</p>	<p>The UDL aims to help practitioners create and maintain well-designed, good quality places. It does this through events, training, networking and online advice. Nominations take place on an annual basis. UDL meets 3 to 4 time per annum.</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<u>Officer:</u> Alan Edwards	
Thames River Basin Liaison Panel (Thames LP)	Cllr Danny Thorpe (RB Greenwich, Labour) <u>Officer:</u> Alan Edwards	The Water Framework Directive requires all inland and coastal water bodies to reach at least "good status" by 2015. The Environment Agency uses Liaison Panels to achieve broad participation from stakeholders within each river basin. London boroughs, through London Councils nominate one representative to sit on the Thames LP as one of 15 strategic 'co-deliverers' of the objectives of the Directive. Nominations are for a 2-year period and a new nomination will be required in 2017. Meets quarterly.
London Waste & Recycling Board (LWARB)	Cllr Feryal Demirci (LB Hackney, Lab) Cllr Bassam Mahfouz (LB Ealing, Lab) Cllr Ian Wingfield (LB Southwark, Lab) Cllr Nicholas Paget-Brown (RBK&C, Con) Barbara Anderson (Independent) Melville Haggard (Independent) <u>Officer:</u> Alan Edwards	<p>The Greater London Authority (GLA) Act 2007 provides the legal framework for the establishment of a statutory Board to facilitate waste management across London - the London Waste and Recycling Board (LWARB). The objective of the Board is to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment.</p> <p>LWARB's membership and constitution are set out in the London Waste and Recycling Board Order 2008. The Board is an eight member board previously chaired by the Mayor of London. A new chairman to replace Richard Tracey, AM, will be announced in early 2017.</p> <p>Appointments to the Board are for 4 years (renewable once) running from 12th August 2016 to 11th August 2020. No new nominations are needed until 2020.</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
London City Airport Consultative Committee (LCACC)	<p>Cllr Osman Dervish (Havering, Conservative)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The London City Airport Consultative Committee (LCACC) was set up by London City Airport in 1986 as a consultative body whose membership represents users of the airport, local authorities in whose area the airport is situated or whose area is in the neighbourhood of the airport and other organisations representing local communities. Its primary function is to serve as an organised forum in which the Airport can inform its stakeholders of current issues and seek their feedback.</p> <p>The membership includes representatives from the boroughs most directly affected by the Airport's operations namely Newham (three members as required by the Airport's S106 planning agreement), Tower Hamlets, Greenwich, Bexley and Barking and Dagenham. Recent changes by National Air Traffic Services to flight paths in the Terminal Control North area mean that increasingly residents of other boroughs are also affected by the Airport's operations, particularly those in Waltham Forest, Redbridge and Havering. In January 2010, the LCACC invited London Councils to nominate a representative from one of these boroughs to represent all three of them on the Committee.</p> <p>The LCACC meets four times a year and nominations are on an annual basis. A nomination from LB Redbridge would be sought for 2017.</p>
London Cycling Campaign Policy Forum	<p>Cllr Feryal Demirci (Hackney, Lab)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>On the request of TEC, the LCC Policy Forum has included a representative from TEC since September 2012.</p> <p>Members of this Forum are voted in, which is why the TEC representative is a non-voting member. The Policy Forum meets quarterly and reviews and</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		develops LCC's policy positions and priority issues. Nominations are on an annual basis.
3. Regeneration including Culture and Tourism		
London Economic Action Partnership (LEAP) Board	<p>Cllr Peter John OBE (Southwark, Lab) Cllr Teresa O'Neill OBE (Bexley, Con) Cllr Claire Kober (Haringey, Lab)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>The LEAP is London's Local Enterprise Partnership. Its membership is drawn from London's business community, the GLA and local authorities. The Mayor of London chairs the Board. There are three elected borough members on the LEAP Board. The business membership is formed through an application process. LB Newham also nominates a representative to the Board because of the Royal Docks Enterprise Zone. The Partnership meets quarterly, with further meetings scheduled if required. There are currently three sub-committees of the LEAP Board – an Investment Sub-Committee and the ESIF Committee, with one member representing London Councils on each; as well as the Royal Docks Enterprise Zone Programme Board that has local representation on it from LB Newham.</p> <p>Nominations are made on an annual basis.</p>
European Structure and Investment Funds (ESIF) Committee	<p>Cllr Peter John OBE (Southwark, Lab)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>The ESIF Committee provides advice to the GLA on local development needs and opportunities to inform any changes to ESIF Operational Programmes and Funds Strategies. It is also a sub-committee of the London Economic Action Partnership (LEAP) Board. It meets on a quarterly basis.</p> <p>Membership is for a three year term.</p>
LEAP Investment Committee	Cllr Peter John OBE (Southwark, Lab)	The Investment Committee is responsible for overseeing and managing the LEAP's programmes

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<u>Officer:</u> Dianna Neal	and projects. It is a sub-committee of the LEAP Board and is chaired by the Deputy Mayor for Planning, Regeneration & Skills.
Skills for Londoners Taskforce	Cllr Peter John OBE (Southwark, Lab) <u>Officer:</u> Dianna Neal	Skills for Londoners brings together experts and key stakeholders to advise the Greater London Authority on delivery of the Mayor's manifesto commitments on skills and the role of skills in London's economic development.
Arts Council England (ACE), London Area Council	Cllr Darren Rodwell (Barking and Dagenham, Lab) Cllr Florence Nosegbe (Lambeth, Lab) Cllr Denise Hyland (Greenwich, Lab) Cllr Kevin Davis (Kingston, Con) <u>Officer:</u> Dianna Neal	ACE London Area Council is one of the main funders of arts in London. It ensures strategic input and borough views are fed into funding and other decisions around arts across London.
London Cultural Leadership Board	Cllr Darren Rodwell (Barking and Dagenham, Lab) <u>Officer:</u> Dianna Neal	Members are appointed by the Mayor but London Councils nominates one member. The Board will advise the Mayor on his cultural programme and policy in London.
Board of London Sport (formerly "London Community Sports Board")	Cllr Doug Taylor (Enfield, Lab) Cllr Joyce Ryan (Redbridge, Con) <u>Officer:</u> Dianna Neal	London Community Sports Board (now Board of London Sport) was set up in July 2009, to oversee the implementation of the Mayoral Sports Legacy plan and to play a broad, overarching role in coordinating activity across the city. Kate Hoey MP, chairs the Board, whilst a ministerial nominee will represent the Government. Major funder of sport and leisure in London. Nominations are sought every four years.
Royal Parks Board	Cllr Nickie Aiken (City of Westminster, Con) Cllr Denise Hyland (RB Greenwich, Lab) Cllr Lord True (Richmond, Con)	The Royal Parks Board oversees the management of the Royal Parks in London. The Board reports to the Mayor of London. The Mayor appoints board members, subject to agreement of the Secretary of

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<u>Officer:</u> Dianna Neal	State for Culture, Media and Sport. The Royal Parks remains an Agency of DCMS. The Board is responsible for overseeing the Agency's activities, advising on the Agency's priorities, planning, policy and performance; encouraging local engagement; and promoting philanthropy. Cllr Lord True (Richmond, Con) is appointed directly by the SoS
Museum of London Board	Mayor Sir Steve Bullock (Lewisham, Lab) <u>Officer:</u> Dianna Neal	The Board is the strategic decision making body of the Museum. It is made up of 18 governors (9 appointed by the Mayor of London; 9 by the City of London including one representative of London Councils). The Board meets quarterly. Governors are appointed for four years and can be re-elected. Mayor Bullock was reappointed 2013.No new appointment required until 2017.
London Marathon Trust	Cllr Robert Rigby (Westminster) John Austin (former MP for Erith and Thamesmead) <u>Officer:</u> Dianna Neal	London Marathon Charitable Trust Ltd is a charity and a company that owns London Marathon Ltd, which organises the Virgin London Marathon, Adidas Half Marathon, Bupa London 10000 and the Standard Chartered Great City Race. London Councils is a member of the company and appoints two nominees to its trustees. It should be noted that London Marathon Ltd has a board of directors which London Councils appoints to but officers, not members so is not included in this grid.
4. Grants		
The Trust for London	Cllr Peter Brooks (RB Greenwich, Lab) <u>Officer:</u> Simon Courage	London Councils can nominate one person to the Board. Nominations are on a five year basis, he was renominated in 2015
5. Migration		
London Strategic Migration Partnership	Cllr Sarah Hayward (Camden, Lab)	The Board will lead and coordinate effort by statutory and voluntary sector partners on strategic

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<u>Officer:</u> Doug Flight	migration, including promoting refugee integration in London. The Partnership meets on a quarterly basis.
6. Crime and Public Protection		
London Crime Reduction Board	Cllr Lib Peck (Lambeth, Lab) Cllr Claire Kober OBE (Haringey, Lab) Cllr Richard Cornelius (Barnet, Con) <u>Officer:</u> Doug Flight	The London Crime Reduction Board was established in 2010 to provide a coordinated approach to crime reduction and community safety in London. London Councils has three places on the Board, alongside the Mayor of London and the Deputy Mayor for Policing. The Board meets quarterly.
7. Health and Adult Services		
London Health Board	Cllr Richard Watts (Islington, Labour) Cllr Denise Hyland (Greenwich Labour) Cllr Kevin Davis (Kingston, Con) <u>Officer:</u> Clive Grimshaw	The London Health Board is a partnership of London boroughs, the Mayor and key health partners for the purposes: <ul style="list-style-type: none"> • improving healthy life expectancy of Londoners • reducing the health inequalities in London between and within boroughs; • ensuring that London's life sciences sector continues to thrive and grow The board provides leadership on health issues of pan-London significance, where this adds value to decisions, agreements and action at local level. It meets quarterly. In March 2015 the LHB agreed to reduce London local government's presentation on it to three members
8. Children and Young People		
London Young People's Education and Skills Board (YPES)	Cllr Peter John OBE (Southwark, Lab) Cllr David Simmonds CBE (Hillingdon, Con)	Originally established as the Regional Planning Group in June 2008 to oversee transfer of 16-19

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<p><u>Officer:</u> Yolande Burgess</p>	<p>funding to local authorities from LSC and ensure coherent approach to 14-19 across London. Revised in November 2010 as the Young People's Education and Skills Board it is the lead strategic body for 14-19 education and training in London. Membership includes key stakeholders in education and skills in London. The Board meets a minimum of 3 times per year. Chaired by the Executive Member for Children & Young People. Nominations are made on an annual basis or as a vacancy arises.. The constitution requires one rep from each of the main political parties..</p>
9. Regional Employer Function		
<p>National Association of Regional Employers (NARE)</p>	<p>Cllr Doug Taylor (Enfield, Lab) Cllr Angela Harvey (City of Westminster, Con)</p> <p><u>Officer:</u> Steve Davies</p>	<p>Chair and Vice-Chair of GLEF Employers' Side sit on this body. It meets 4 times a year 3 of the meetings are hosted by London Councils. Allows the regions to collectively discuss workforce issues and feed-in views to Local Government Employers and Local Government Improvement and Development. London Councils will appoint to both GLPC and GLEF. The Chair is shared on an annual basis.</p>
<p>CEEP (Centre Europeen des Entreprises a Participation Publique et des Entreprises d'Interet Economique General)</p>	<p>Cllr Doug Taylor (Enfield, Lab) Cllr Angela Harvey (City Of Westminster, Conservative) - deputy</p> <p><u>Officer:</u> Steve Davies</p>	<p>Representatives from all 10 of the regional employers' organizations are entitled to sit on this body (usually the Chair or the Vice Chair).</p> <p>CEEP meets 4 times a year – meetings could be in any EU country but are usually in the UK. Could be Chair/Vice Chair of GLEF or GLPC. CEEP UK AGM is held in October each year. Nominations are made on an annual basis.</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
10. Housing		
Homes for London Board (Formerly known as Mayors Housing Board)	Mayor Sir Steve Bullock (Lewisham, Lab) Cllr Ravi Govindia (Wandsworth, Con) Cllr Claire Kober OBE (Harnigey, Lab) Mr Mark Boleat (City, Ind) <u>Officer:</u> Elly Shephard	The Board makes strategic investment and delivery decisions with respect to housing investment and infrastructure. The London Housing Board was set up in April 2012 to replace the Homes and Communities Agency London Board with an inaugural meeting in June 2012. Mr Mark Boleat (City, Ind) was added in 2016
London Land Commission	Mayor Sir Steve Bullock (Lewisham, Lab) <u>Officer:</u> Elly Shephard	The Land Commission was set up in 2015 by the Mayor and the Government, responsible for identifying surplus public sector brownfield land suitable for development, with the objective of contributing to London's ambition for 400,000 new homes by 2025. London Councils has one place on the Commission and will also form part of the operational steering group. The commission has not met since Mayor Sadiq Khan was elected.

Item 5 - Appendix Two

Number of party group members appointed to outside bodies

In addition to party group nominations, some bodies also have non-party group nominees (e.g. Liberal Democrat members). The tables below, however, show that the balance of party group nominations is in proportion to respective strengths at Leaders' Committee

First tier bodies

Body	Lab	Con	Total
London Fire and Emergency Planning Authority (LFEPA) ¹	5	2	7
Lee Valley Regional Park Authority (LVRPA) ²	4	3	7
London Waste and Recycling Board (LWArB)	3	1	4
London Crime Reduction Board	2	1	3
Homes for London Board	2	1	3
London Health Board	2	1	3
London Enterprise Panel (London Economic Action Partnership, LEAP)	2	1	3
Royal Parks Board	1	2	3
The Thames Regional Flood and Coastal Committee (TRFDC)	5	2	7
Total	26	14	43

Second tier bodies

Transport and Environment

Body	Lab	Con	Total
Heathrow Airport Consultative Committee	1		1
London Sustainable Development Commission	1		1
Urban Design London	1	1	2
The Thames River Basin District Liaison Panel (RBDLP)	1		1
London City Airport Consultative Committee (LCACC)		1	1
London Cycling Campaign Policy Forum	1		1
Total	5	2	7

Other policy³

Body	Lab	Con	Total
Arts Council England, London	3	1	3
London Cultural Leadership Board	1		1
Board of London Sport	1	1	2
Museum of London	1		1
London Young People Education and Skills Board	1	1	2
European Structure and Investment Funds (ESIF) Committee	1		1
London Land Commission	1		1
Skills for Londoners Taskforce	1		1
Total	10	3	13

¹ This is the only outside body, appointments to which are determined by statute (Greater London Authority Act 1999) on the basis of the number of councillors by party across London

² Proportionality would have given 5 Lab, 3 Con and no LD but Lab relinquished one position for the LDs making 4:3:1

³ Culture, Tourism, Sport, Regeneration, Housing, Children and Young People, Crime, Health and Adult Care

Additional bodies⁴

Body	Lab	Con	Total
National Association of Regional Employers	1	1	2
CEEP (Centre Européen des Entreprises à Participation Publique et des Entreprises d'Intérêt Economique Général)	1		1
The Trust for London	1		1
London Strategic Migration Partnership	1		1
Total	4	1	5

Grand Total	45	20	65
Strict proportionality⁵	44	21	65

The Labour Party, therefore, has one place more than it should on the grounds of strict proportionality and the Conservative Party one too few.

⁴ Employers Organisation, Grants and Migration

⁵ Working on the basis that the breakdown on Leaders' Committee of the 31 boroughs controlled by the two main party groups was 21 Lab (67.74%), 10 Con (32.26%)

Executive

London Councils Corporate Business Plan 2017/18 Item no: 6

Report by: Christiane Jenkins **Job title:** Director, Corporate Governance
Date: 20 June 2017
Contact Officer: Christiane Jenkins
Telephone: 020 7934 9540 **Email:** Christiane.Jenkins@londoncouncils.gov.uk

Summary

This report informs the Executive on the development of London Councils' Corporate Business Plan for 2017/18. The timescale for this has been adapted this year to reflect:

- The absorption of revisions flowing from consideration by Leaders and the Executive of key issues highlighted in the London Councils Challenge process;
- The cancellation of the formal Executive meeting in May owing to the calling of the General Election.

The draft plan includes statements of proposed purpose, key themes, work programmes and services for London Councils.

This has been developed following discussions by the Members of the Executive in November 2016 and February 2017 on the outcomes of London Councils Challenge and at Leaders' Committee in December 2016, February and March 2017. In addition, briefings and/or priorities have been shared with individual Portfolio Holders.

Recommendations The Executive is asked to:

- Comment on the proposed purpose and themes for the organisation;
- Comment on the proposed work priorities in Appendices One to Three;
- Note that the Corporate Business Plan will be submitted for noting at Leaders' Committee AGM on 11 July 2017 incorporating any comments/changes from this meeting.

Corporate Business Plan 2017/18

Background

1. As in previous years, London Councils has developed two levels of business plan; a high level Corporate Plan available for external organisations and stakeholders and detailed internal divisional and directorate work plans developed for management purposes.
2. This report outlines the proposed content for the high level Corporate Business Plan. It has been developed following discussions by the Members of the Executive in November 2016 and February 2017 on the outcomes of the London Councils Challenge process and at Leaders' Committee in December 2016 February and March 2017. In addition, briefings and/or priorities have been shared with the respective Portfolio Holders for the following areas of work:
 - Devolution and Public Service Reform
 - Housing
 - Capital Ambition
 - Crime and Public Protection
 - Health and Child Safeguarding
 - Devolution and Public Services Reform
 - Adult Services
 - Greater London Employment Forum (GLEF) and Greater London Provincial Council (GLPC)
 - City Development
 - Transport and Environment
 - Grants
 - Finance & Resources
 - Welfare Reform
 - Equalities
 - Business, Skills and Brexit
3. The Corporate Business Plan outlines the purpose of London Councils and our overarching themes, the priority work planned for 2017/18 and notes the principles which underpin the way we work.

4. The text below reflects a range of conversations with members since the London Councils Challenge report was received. In particular, it draws on conclusions from the Executive Awayday session held in November 2016. The Executive is asked to comment on this. Amendments to the plan will be made following this Executive meeting and a final version will be submitted for noting by Leaders' Committee on 11 July 2017.

Proposed Corporate Business Plan 2017/18 - Purpose

5. London Councils helps London local government to influence the development of London as a world city and to secure outcomes on behalf of individual localities across London.

Specifically:

- London Councils is the collective **voice** for London local government. It seeks to be an influential advocate for the interests of boroughs, promoting both councils' leadership of their places and of a broad range of public services on behalf of their localities. London Councils fights for the resources, powers and freedoms that boroughs need to play that role.
- London Councils is a **hub** for co-ordination and co-operation between boroughs collectively as well as a focus for mutual challenge and support designed to drive efficiency and future improvement on behalf of Londoners.
- London Councils is a focal point for **brokering** the collective relationship between London local government and partners and stakeholders nationally and within London, including Government, the Mayor and wider London public services.
- London Councils facilitates the development of shared London local government initiatives, campaigns and services. This includes the direct **delivery** of a defined range of services, as well as acting as an incubator for other shared activities.

Themes

6. Our over-arching themes for 2017/18 are as follows:

1) Resourcing London

In a period of acute financial retrenchment, we will continue to work alongside our member boroughs and partners to help manage the financial and wider public financing climate for London. We will:

- seek to lobby for London's interests in the distribution of funding/provide support on proposed changes in the basis of financing local government and promote greater fiscal devolution;
- work with boroughs and partners to develop means of trying to manage and mitigate the impact of financial reductions upon London boroughs;
- support councils as they seek to manage significant reductions in their funding base.

2) Shaping London and its localities

We will work with our member authorities and others to secure for them the tools, freedoms, powers and resources in order to help them shape their local places coherently and influence the development of London overall. We will:

- promote sustainable growth and seek to boost the supply of housing;
- influence the evolution of the London Plan and national planning policy in a way that reflects the importance of locally determined framework for shaping places;
- support moves to allow London to invest in its strategic and local infrastructure in a way that can support wider ambitions around sustainable growth.

3) Reforming London's Public Services

We will continue to highlight the strong London argument for boroughs, groups of boroughs and the Mayor to be at the heart of commissioning a broader range of integrated local public services. We will:

- work closely with the Mayor of London to continue to negotiate a further devolution settlement from London;
- continue to play a strong brokerage role to help develop opportunities that can be applied more broadly across London local government and, in particular, to support the implementation of the reforms that have been agreed in areas such as Skills, Employment and Health;
- support boroughs and groups of boroughs in their work to turn this into practice on the ground by providing shared learning and approaches and developing London frameworks that allow this devolution to take place at local level.

4) Supporting London to Deliver

We will continue to both work on behalf of our member councils and support them in securing good quality, effective and efficient services for local people. We will:

- provide a defined range of direct services to Londoners and London organisations directly on the collective behalf of boroughs;
- act as a focal point for brokerage and co-ordination between different London public services, the GLA group and boroughs on key delivery issues;
- work with key political, professional and managerial groupings across London local government to help strengthen the capacity of our members to innovate, share, learn and deliver good quality and cost effective services.

5) Influencing and Strengthening London local government's wider contribution

We will seek to secure strong and positive influence for London local government nationally and regionally and with a range of stakeholders. We will:

- ensure that borough influence on national policy – with Government political parties generally and other national partners – is strong and credible;
- ensure that London local government secures a critical role in the governance of London overall and that its indispensable contribution to effective leadership of the City is reflected in evolving structures and ways of working;

- work with wider partners – including other major city areas – to develop a clearer understanding of the interdependence of London and other parts of the country and to see that reflected in the evolution of policy.

Directorate Work Programmes

7. Our Directorate Programmes detail the range of work that will support our overall objectives, all of which relate in some way to our over-arching themes of resourcing London, shaping London and its localities, reforming London's public services, supporting London to deliver and influencing and strengthening London local government's wider contribution.
8. These Directorate Programmes are set out in detail in Appendices One to Three - attached.

The way we work

9. Underpinning the way we work is the following set of principles:
 - We are a cross party, politically led organisation motivated by our common commitment to the interests of London and London local government;
 - We seek to harness the power that comes from the practice and the people of our member authorities – individually and in groupings of boroughs;
 - We work closely with a range of public, private and third sector partners across London and more broadly to secure our aims;
 - We work in partnership with the national Local Government Association and seek mutually to reinforce our respective work on local government's overall behalf;
 - We strive continuously to improve the efficiency and effectiveness of our organisation on behalf of our member authorities and seek to make London Councils an attractive and challenging place for people to develop their careers.

Organisational Implications

10. In addition to the steps already taken to reflect the outcome of the London Councils Challenge, we shall continue to adapt the organisation and its way of working to reflect the findings. We will:
 - develop our operational model and organisational development framework in a way which engages with staff;

- continue to manage our resources to drive on-going improvements in value for our member authorities, in a way which continues to meet their evolving needs over the next five years;
- further equip ourselves with the skills, knowledge and competences required to support London local government in this critical period;
- continue to create an environment in which we continue to attract talented people and challenge them to deliver outstanding performance;
- working with members to review other key operations, accountability and governance mechanisms to enable continued strong political leadership of our work that is transparent and rooted in clear legitimacy.

Next steps

11. The draft Corporate Business Plan will be revised following comments received from this meeting of the Executive and a final version will be submitted for noting by Leaders' Committee AGM on 11 July 2017.

Recommendations

12. The Executive is asked to;

- Comment on the proposed purpose and themes for the organisation;
- Comment on the proposed Directorate work in Appendices One to Three;
- Note that the Corporate Business Plan will be submitted for noting at Leaders' Committee AGM on 11 July 2017 incorporating any comments/changes from this meeting.

Financial Implications for London Councils

13. The activities set out in the plan for 2017/18 are contained within the 2017/18 budget approved by Leaders' Committee in December 2016.

Legal Implications for London Councils

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

Equalities Implications for London Councils

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

However, much of our core policy work is based on ensuring that equality and diversity issues are positively addressed.

London Councils continues to ensure that equalities issues are taken fully into account in all service delivery programmes.

Appendices:

- **Appendix One:** Policy and Public Affairs priorities
- **Appendix Two:** Transport and Mobility priorities
- **Appendix Three:** Services priorities

Item 6 - Appendix One

Policy & Public Affairs Directorate 2017/18 Corporate Business Plan Priorities

Strategic Policy

1. Securing devolution and public service reform in London
2. Managing the impact of welfare reform: encouraging work
3. Promoting equalities and social integration

Finance Performance and Procurement

4. Delivering fair levels of funding for local public services in London
5. Supporting the case for financial autonomy in London through devolution of business rates and broader fiscal devolution
6. Supporting London to drive its own assurance, performance and improvement

Health and Adult Care

7. Leadership which maximises improvement in public health outcomes
8. Implementing devolution and integration
9. Leading on social care finance

Children and Young People

10. Securing policy change which strengthens councils' strategic leadership of the London schools system
11. Enabling collaboration which keeps children safe (including protection from child sexual exploitation) and improves services
12. Shaping the development of a framework of support to children and parents during the early years

Crime and Policing

13. Shaping London's local policing, public safety and rehabilitation of offenders
14. Collaborating to tackle violent crime and extremism including gangs and violence against women and girls

Housing and Planning

15. Accelerating housing delivery to meet London's needs, with the right mix of homes
16. Developing solutions to address homelessness in London
17. Enabling borough place-making and planning

Economic Culture and Tourism

18. Collaborating to accelerate London's economic growth locally and regionally
19. Local culture and sport services are supported to contribute to community development, health and well-being and London's economic growth
20. Effectively procuring and managing the devolved Work and Health Programme and lobbying for further public service reform and resources across London to enhance individual opportunity
21. Securing clear borough influence in skills devolution and effective use of the apprenticeship levy in order to improve skills and access to employment opportunities for Londoners

Transport Environment and Infrastructure

22. Strengthening local leadership for infrastructure investment
23. Collaborating to enable boroughs to provide transport and environmental services at current or improved levels
24. Enabling LEDNet to contribute to policy, which will improve environmental services for London

Item 6 - Appendix Two

Transport and Mobility 2017/18 Corporate Business Plan Priorities

Freedom Pass

1. Negotiating the Freedom Pass annual settlements with Transport for London (TfL) and other transport operators to minimise costs for 2018/19
2. Commence the new Freedom Pass support services contract in October
3. Review Freedom Pass customer service provision to consider options for more channel shift towards digital and online services

Taxicard

4. Complete the joint procurement of Taxicard and Dial-a-Ride taxi services with TfL
5. Develop further co-ordination of Taxicard and Dial-a-ride schemes with TfL, including consideration of joint reporting of KPIs, complaints handling, application processing, and a single on-line portal
6. Develop and implement a new online Taxicard application portal and process, with a more consistent approach across all boroughs and maximising the efficiencies through greater data sharing

London Lorry Control Scheme

7. Complete the review of the London Lorry Control Scheme
8. Complete the development and launch of the new case management system for the London Lorry Control Scheme

Traffic and Parking

9. Review the car club/car sharing strategy for London and agree a car club charter
10. Continue to work with the GLA and TfL to manage and implement residential and car club electric vehicle charge points as part of the Go Ultra Low City Scheme (GULCS)
11. Publish part 2 of an updated parking code of practice
12. Publish a revised Civil Enforcement Officer Handbook

London Tribunals

13. Continue to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators
14. Promote greater levels of channel shift to fully electronic online appeals
15. Implement new systems and processes to enable fully electronic transfer of appeals evidence and correspondence with enforcement authorities

London European Partnership for Transport

16. Through LEPT, develop and submit the second stage bid proposal for the PTP-Commute project proposal under the EU Horizon 2020 funding programme

Item 6 - Appendix Three

Services 2017/18 Corporate Business Plan Priorities

Young People's Education and Skills

1. Provide regional leadership and influence - lobby for London, shape London's response to national and regional policies, develop relationships with the London Economic and Action Partnership and the Skills for Londoners Taskforce, and maintain relationships with other stakeholders and strategic partners
2. Support the London Jobs and Growth Plan and other strategies through which partners and stakeholders work together to implement the Young People's Education and Skills strategy - publish Vision 2020 and a Statement of Priorities, manage a data and research programme, continue to implement London Ambitions and support collaborative working
3. Lead strategic services and activities – continue to support local authorities to implement reforms for young people with special educational needs and disabilities and achieve full participation for 16 to 18 year olds
4. Work with the London Economic and Action Partnership and other partners to maximise the impact of investment of the 2014-20 European Structural and Investment Fund Youth Employment Initiative through a programme of information exchange events

Community Services and Grants

5. Successful establishment of the 2017-2021 Grants programme that delivers on the changes in priorities and budgets requested by the Grants Committee through the 2015/16 grants review
6. Successful establishment of the 2016-2018 ESF programme and improved relationships with ESF partners and the boroughs
7. Improvement in outcomes through the Grants and ESF programmes more effectively combining employment support with support for homelessness, and stronger partnership working with MOPAC on tackling sexual and domestic violence, reflecting boroughs' need for sustainable solutions
8. Delivery of London Care Services with improved and more regular reporting to ALDCS to increase confidence from Directors in London Councils ability to appropriately influence the children's care market
9. Implementation of the Notify review, the engagement and training of borough housing services and improved relations with borough Housing Directors

London Regional Employers Organisation

10. Act as the regional employer for London local authorities, undertaking the Employers Joint Secretary Role including regular meetings with Trade Union Side secretaries
11. As the Employers Regional Secretary ensure an appropriate deal for London is reached with unions and employers in the pay award settlement from April 2018 onwards
12. Supporting and servicing London Councils member bodies – Greater London Provincial Council GLPC / Greater London Employers Forum GLEF
13. Support and promote networking, linkages, learning and join up of HR professionals across London boroughs and wider public service partners on all workforce related matters
14. Promote innovation and transformation of workforce practices which support improvement and efficiency in public service delivery

Executive

London Councils' Urgencies Report Item no: 7

Report by:	Derek Gadd	Job title:	Head of Governance
Date:	20 th June 2017		
Contact Officer:	Derek Gadd		
Telephone:	020 7934 9505	Email:	Derek.gadd@londoncouncils.gov.uk

Summary	London Councils' urgency procedure was used to secure decisions on: <ul style="list-style-type: none">• Industrial Strategy Green Paper• Access Europe• New Member of the Leaders' Executive Committee• London Regionalising Adoption Project
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Recommendations	The Executive is asked to note the decisions taken under the urgency procedures.
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1.0 Industrial Strategy Green Paper response

1.1 Introduction

The [Industrial Strategy Green Paper](#) sets out the government's plans for the creation of a national Industrial Strategy focused on the following ten 'pillars'.

1. Investing in science, research and innovation
2. Developing skills
3. Upgrading infrastructure
4. Supporting businesses to start and grow
5. Improving procurement
6. Encouraging trade and inward investment policy
7. Delivering affordable energy and clean growth
8. Cultivating world-leading sectors
9. Driving growth across the whole country
10. Creating the right institutions to bring together sectors and places

1.2 Summary

London Councils welcomes the government's decision to produce an Industrial Strategy that is focused on making our country 'stronger, fairer and more outward looking'. The ten pillars set out in the Green Paper describe a useful foundation for driving growth across the whole country, raising productivity levels and improving living standards.

1.3 Recommendation

Elected Officers of Leaders' Committee were asked to agree the London Councils submission by close of business on Wednesday 12th April 2017. The Urgency was approved.

2.0 Access Europe

2.1 Introduction

For many years, London Councils supported boroughs access European funding through its European Service (which was run by GLE and funded by London Councils). The service helped boroughs cut through complex and administratively demanding issues which they faced in accessing European funding. It was provided through Greater London Enterprises (GLE) and funded by London Councils.

In 2013, GLE informed London Councils that it no longer intended to provide this service as part of its portfolio.

In 2014, a new community interest company, 'Access Europe', was set up to provide similar services to those provided by the European Service, to the boroughs and, in addition, to provide support to the voluntary sector in London seeking European funding.

In April 2014, Members agreed a grant to this new service, which was established in partnership with the Greater London Authority (GLA) and the City of London Corporation, to a maximum of £66,000 per year for three years. This grant comes to an end in June 2017.

On 29 March 2017, the UK Government formally signalled its intention to leave the European Union. All European Union funding streams presently available to the UK will continue until the UK leaves the European Union in March 2019.

A programme of EU funds (in excess of 750 million euros) is available to London from 2014 to 2020. The Government has stated it will guarantee EU funding for structural and investment fund projects signed after the Autumn Statement and which continue after we have left the EU.

2.2 Summary

To award a grant met from within approved budget resources as agreed by the Leaders Committee in December 2016, to Access Europe, a partnership with the Greater London Authority (GLA) and the City of London Corporation to a maximum of £66,000 per year for two years with a review and break clause after one year. The service would aim to maximise the amount of European funding available to boroughs in the two years remaining before the exit of the UK from the European Union in 2019.

2.3 Recommendation

Elected Officers of Leaders' Committee were asked to agree the London Councils submission by close of business on Wednesday 19th April 2017. The Urgency was approved.

3.0 New Member of the Leaders' Executive

3.1 Introduction

The City of London Corporation operates on a different electoral cycle to the boroughs and, on 4th May 2017, Catherine McGuinness took over from Mark Boleat as Chairman of the City's Policy and Resources Committee. London Councils members have, for many years, believed that they derive significant advantage from appointing the Chairman of the City of London's Policy and Resources Committee to the London Councils Executive. The Annual General Meeting of London Councils, now delayed until 11th July, will appoint the entire Executive for 2017/18. Because of that delay, however, there is an hiatus in City membership of the Executive until then and the next meeting of the London Councils Executive is on 20th June 2017. Appointing Ms McGuinness to the Executive through the urgency procedure would allow her to attend the 20th June meeting as a full member. Also, one of London Councils Leaders' Committee Vice-chairs is normally the City of London representative.

3.2 Recommendation

The Chief Executive, therefore, recommends that Ms Catherine McGuinness is appointed to London Councils Leaders' Committee as one of its Vice-chairs. Elected Officers were asked to agree the urgency by midday on Tuesday 16th May. The Urgency was approved.

4.0 London Regionalising Adoption Project

4.1 Introduction

In 2015, through the Association of London Directors of Children's Services, London boroughs and voluntary adoption agencies submitted an expression of interest to develop a regional adoption agency for London. A report to London Councils' Executive in October 2015 set out this expression of interest in a regionalisation project in high level terms and sought Executive's in principle support, which was agreed.

During 2016, regionalisation projects across the country, including in London, were grant funded by the Department for Education to deliver further work to better define the opportunity and build consensus for locally designed model of regionalisation. In

London, the DfE funded relatively modest project costs through multiple separate grant agreements. One major challenge which has held London back from making quicker progress was the absence of longer term funding surety, meaning work has been conducted in short bursts under short term agreements with the DfE.

The output of London's work was summarised in a report to Directors of Children's Services in September 2016. This report provided the basis for seeking political direction at the local level on whether to continue to support the London regionalising adoption project.

Between November 2016 and March 2017, twenty-six boroughs committed 'in principle' to exploring further a regional approach to adoption in London. Two have opted out and five boroughs are considering whether to proceed.

4.2 Summary

The one-year grant from the DfE in support of the London regional adoption project indicates that the 'in principle' agreements from local authorities and the stakeholder engagement at the start of the year have assured the Department for Education that London vision is viable.

The project in 17/18 will be a complex task. The proposal for London covers the largest population and most local authorities in any proposed region. This scale is needed in London to achieve the efficiency desired for the four key aims of regionalisation.

The proposed arrangements underline councils' duty of care, so while the regional agency may deliver specific functions which support the success of that journey, accountability remains with the local authority.

Every London borough is starting from a different financial and contractual position and we envisage there will be flexibility for teams to join when appropriate as local circumstances allow. However, it is important to keep in mind that under the Act the Secretary of State can require councils to move adoption to regional arrangements.

Combining resources and casting our net wider to find parents and families wanting to adopt will ultimately speed-up matching. Research shows the sooner a child in care moves into their permanent home the better their life chances will be.

Unlocking resources for adoption from other council arrangements will be difficult. The rewards, however, could be significant and include:

- matching children and adopters earlier
- developing best practice and consistency
- identifying potential efficiency savings for councils at a time of severe constraint.

Scaling up adoption services and increasing awareness of adoption as the best permanent option for many children could reduce the overall direct cost to London local government as well as longer term indirect costs.

The philosophy running through the development of the London proposal is one which seeks to build a coalition of the willing, whereby boroughs participate on the basis of what each considers to be in the best interests of their local children. This will continue to be the case as the project continues in 2017/18.

4.3 Recommendation

To agree that London Councils enter into a grant agreement with the Department for Education for costs up to £1.2 million to host the delivery of London regionalising adoption in 2017/18, at no cost to London Councils.

Elected Officers of London Council were asked to agree the Urgency by midday on Tuesday 30th May 2017. The Urgency was agreed.

Financial Implications:

There are no financial implications for London Councils.

Legal Implications:

There are no legal implications for London Councils.

Equalities Implications:

There are no equalities implications for London Councils.

London Councils Executive

London Councils – Consolidated Pre- Audited Financial Results 2016/17

Item no: 8

Report by: Frank Smith **Job title:** Director of Corporate Resources

Date: 20 June 2017

Contact Officer: Frank Smith

Telephone: 020-7934-9700 **Email:** frank.smith@londoncouncils.gov.uk

Summary: This report highlights the pre-audited consolidated financial position for London Councils for the 2016/17 financial year. The provisional consolidated revenue position is shown followed by a separate revenue summary for each of London Councils three funding streams, together with explanations for the significant variances from the approved revised budget. The pre-audited consolidated balance sheet and the provisional level of London Councils reserves as at 31 March 2017 are also shown, together with overall conclusions and prospects for 2017/18 and beyond, after taking into account known commitments. The provisional revenue outturn and reserves position is summarised as follows:

Revenue Account (£000)	Revised Budget	Actual	Variance
Total Expenditure	397,981	395,259	(2,722)
Total Income	(395,489)	(395,704)	(215)
Use of reserves	(2,492)	(2,629)	(137)
Bad Debts provision	-	30	30
Net Deficit/(Surplus)	-	(3,044)	(3,044)
General and Specific Reserves (£000)	General Reserve	Specific Reserve	Total
As at 1 April 2016	10,283	2,358	12,641
Transfer (to)/from revenue	(2,328)	(301)	(2,629)
Provisional Surplus for the Year	1,793	1,251	3,044
As at 31 March 2017	9,748	3,308	13,056¹

¹ As detailed in table 12 at paragraph 64, reserves are reduced to £5.59 million once approved commitments of £7.466 million arising from 2016/17 onwards are taken into account.

Recommendations: The Executive is asked:

- To note the provisional consolidated outturn surplus of £3.044 million for 2016/17 and the provisional outturn position for each of the three funding streams;
- To approve the carry forward of £29,000 into 2017/18 in respect of planned NOTIFY system developments;
- To approve the carry forward of the underspend of £15,000 in respect of the YPES be held in reserves for the specific future funding of this service, in accordance with usual practice;
- To note the carry forward of £227,000 into 2017/18 in respect of TEC system developments, subject to final approval by the TEC Executive on 20 July;
- To note the provisional level of reserves of £13.056 million as at 31 March 2017 (paragraphs 62-63), which reduces to £5.59 million once known commitments of £7.466 million are taken into account (paragraphs 64-65);
- To note the updated financial position of the London Councils as detailed in paragraphs 66-67 of this report; and
- To agree to receive a further report in November 2017 after the completion of the external audit by KPMG LLP to adopt the final accounts for 2016/17. The final accounts will be signed off at the meeting of the Audit Committee on 21 September 2017, at which KPMG will formally present the Annual Audit Report for approval.

London Councils – Consolidated Pre-Audited Final Results 2016/17

Executive Summary

1. The provisional revenue outturn for 2016/17, split across London Councils three funding streams is as follows:

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Total Expenditure	8,632	377,657	8,970	395,259
Total Income	(8,657)	(378,688)	(8,359)	(395,704)
Use of Reserves	(492)	(643)	(1,494)	(2,629)
Bad Debts provision	-	30	-	30
Surplus	517	1,644	883	3,044

2. Once figures relating to potential carried forward amounts are taken into account, the headline surplus of £3.044 million reduces to £2.773 million, as follows:

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Surplus for the Year	517	1,644	883	3,044
TEC balances c/f	-	(227)	-	(227)
YPES balances c/f	-	-	(15)	(15)
NOTIFY balances c/f	-	-	(29)	(29)
Adjusted underlying Surplus	517	1,417	839	2,773

3. The provisional level of reserves for each funding stream as at 31 March 2017 is as follows:

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Audited Reserves at 1 April 2016	1,992	4,269	6,380	12,641
Transfer (to)/from Revenue	(492)	(643)	(1,494)	(2,629)
Provisional surplus/ (deficit) for the Year	517	1,644	883	3,044
Provisional Reserves at 31 March 2017	2,017	5,270	5,769	13,056

4. However, once all potential and known commitments of £7.466 million are taken into account, the estimated level of uncommitted reserves reduces to £5.59 million, as follows:

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Provisional Reserves at 31 March 2017	2,017	5,270	5,769	13,056
Underspends c/f into 2017/18	-	(227)	(44)	(271)
Committed in setting 2017/18 budget	(75)	(488)	(1,183)	(1,746)
One-off payment to				

boroughs in 2017/18	(156)	(340)	(330)	(826)
Potential ESF grant commitments in 2017/18	(1,574)	-	-	(1,574)
Provisional commitments for 2018/19-2019/20	-	(2,534)	(515)	(3,049)
Uncommitted Reserves	212	1,681	3,697	5,590

5. A comparison of the provisional outturn surplus/(deficit) position against the forecast outturn position reported to the Executive and the TEC and the Grants Committee during the course of the year, excluding the overspend position on taxicard, is as follows :

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Forecast at Month 3	(302)	(699)	2	(999)
Forecast at Month 6	(854)	(767)	(137)	(1,758)
Forecast at Month 9	(759)	(868)	(368)	(1,995)
Provisional Outturn	(517)	(1,644)	(883)	(3,044)
Movement between M9 and provisional outturn	242	(776)	(515)	(1,049)

6. The £242,000 negative movement for the Grants Committee is due to a reduction in ESF borough contributions of £423,000 and ESF grant income of £153,000 attributable to the year, a net increase in administration costs of £21,000, offset by a reduction in ESF payments to providers attributable to the year of £349,000 plus an additional transfer from reserves of £6,000.
7. The £776,000 movement for TEC is highlighted in Table 7 and explored in detail in the analysis of actual income and expenditure against the approved budgets in paragraphs 18-34 below and is mainly due to an increase in Lorry Control PCN income, net of an increase in the bad debt provision, of £410,000, an improvement on the net position for spend on Freedom Pass issue costs and replacement Freedom Pass income of £140,000, an increase of £202,000 in respect of the reduced cost of the administration of the London Tribunal, an increase in the underspend of £100,000 in respect of IT system development costs; offset by additional general running costs and central recharges of £119,000.
8. The £515,000 movement for the Joint Committee is primarily due to a reduction in the net salaries underspend of £38,000, an overspend on adjusted running costs and central recharge expenditure of £327,000 offset by increases in the underspends related to the commissioning budget (£153,000) and improvement and efficiency projects (£21,000). Additional income arose from movements in member contributions (£30,000), investment income (£25,000) and adjusted movement on other income (£160,000), which is explained in full at paragraphs 45-49. Net movement of £468,000 has arisen from the legitimate charging

of central costs to TEC, the Grants Committee and externally financed projects and tenants, as detailed at paragraph 50.

9. The IAS19 (formerly FRS17) Pensions Deficit has increased from £23.026 million as at 1 April 2016 to £29.989 million as at 31 March 2017, an increase of £6.963 million. The reason for this increase in the pensions deficit is primarily due to changes in the financial assumptions in relation to discount rate yields and the CPI inflation rate that have led to an increase in the defined benefit obligation. Whilst returns on assets such as equities has been strong during the year, it has been overshadowed by an increase in the defined benefit obligation due to a reduction in the discount rate (which is based on corporate bond yields) and an increase in future inflation rates which are both used in the calculation of the obligation. This deficit will continue be recovered through future employers' pension contribution rates and will not be a potential call on existing London Councils reserves.
10. The actual financial results and the actual level of reserves will be confirmed during the course of the external audit of the 2016/17 accounts, which will be undertaken by KPMG LLP in July and August. The Audit Report and the audited accounts relating to this year will be reported to the meeting of the Audit Committee on 21 September 2017 and on to the November meeting of the Executive for adoption.
11. The financial year 2016/17 is the second year of the three-year financial strategy period agreed by the Leaders' Committee in December 2014 covering the period 2015/16 to 2017/18. The projected level of uncommitted reserves across all three funding streams of £5.589 million continues to leave the organisation in a strong position to continue to deliver the priorities contained in the business plan, to meet expectations arising from the recent Challenge process and support other member-led initiatives that could potentially arise in the short to medium term.

Introduction

1. Following the repeal of the Audit Commission Act 1998, with effect from the 2015/16 financial year, London Councils is no longer obliged to produce an annual statutory account to a statutory deadline for each of its three funding streams, as the successor legislation, the Local Audit and Accountability Act 2014, does not apply to joint committees. However, under the London Councils Agreement (as amended), London Councils has on-going obligations to prepare and arrange for the independent audit of the three annual accounts, outside of any statute, and there is still a requirement to submit audited accounts under the Companies Act 2006 for London Councils Limited. As a result of these continuing obligations, the London Councils Audit Committee agreed in March 2015 that London Councils should continue to prepare three separate accounts under the existing Local Authority Accounting Code of Practice and that the accounts should be independently audited and presented to members broadly in accordance with the previous statutory timescale. Following recommendations by the Audit Committee, the Leaders' Committee appointed KPMG LLP as London Councils external auditor for a three year period commencing 1 April 2015.
2. KPMG LLP will, therefore, audit the accounts for 2016/17 during July/August 2017 and present the accounts to the Audit Committee, along with the annual audit report, on 21 September. The audited accounts and the audit report will then be presented for adoption by the London Councils Executive at its November meeting. This report, therefore, details the provisional financial results for the three funding streams and the overall consolidated position and provides commentary on the variances against the revised approved budgets for the year – in effect, the format is similar as the revenue forecast reports presented to the Executive three times each financial year.
3. London Councils approved revenue expenditure budget for 2016/17 was £398.193 million, as agreed by the Leaders' Committee in December 2015. The corresponding revised revenue income budget was £395.724 million, with the budget balanced by the approved transfer of £2.469 million from reserves.
4. After a number of adjustments, budgeted expenditure was revised to £397.981 million, with a further £23,000 transferred from reserves for the year. The revised budget is shown in Table 1 below:

Table 1 – Revised budget 2016/17

	£000
Original Expenditure budget	398,193
Plus running costs expenditure budget adjustment	45
Plus carried forward funding: NOTIFY system developments	23
Less adjustment to Taxicard provider budget	(280)
Total Expenditure	397,981
Funded by:	
Original Income budget	(398,193)
Plus approved additional transfer from reserves	(23)
Plus increased central recharge income	(45)
Less reduction in Taxicard funding from boroughs/TfL	280
Total Funding	(397,981)
Net position	Nil

5. The format of this report will be:

- A summary provisional consolidated outturn position for the year (Table 2);
- The summary position for each of the London Councils three funding streams – the Grants Committee, TEC, and the core functions undertaken by the Joint Committee, (Tables 3-8);
- Brief explanations will be provided for the main variances against the approved budgets that have emerged during the year for each funding stream;
- The provisional consolidated balance sheet for 2016/17, including the effect of IAS19 Retirement Benefits (Table 9);
- The provisional position on London Councils reserves as at 31 March 2017, adjusted for all current and future commitments to provide an updated position on residual uncommitted reserves position (Tables 10-13); and
- Commentary on the current financial position of the London Councils and the link into the prospects for future years (paragraphs 66-68).

6. Some of the figures included within the results are provisional and may be subject to further clarification (and possible changes) in the run up and during the course of the actual external audit of the accounts by KPMG LLP. London Councils budgets and reports on a gross accounting basis in accordance with UK Generally Accepted Accounting Practice (GAAP). This means that in some instances, additional expenditure will be shown in the revenue account, which is offset by accrued additional income, leaving a neutral or near-neutral effect on the bottom line. Examples of this are illustrated in respect of Freedom Pass issue costs (paragraph 19) and in respect of certain activities undertaken by the Joint Committee (paragraphs 39 and 48).

7. Table 2 below summarises the provisional consolidated revenue outturn position for the year.

Table 2 – Comparison of Income and Expenditure against Consolidated Revised Budget 2016/17

2015/16 Actual		2016/17 Revised Budget	2016/17 Actual	2016/17 Variance	
	Expenditure	£000	£000	£000	%
5,104	Employee Costs	5,340	5,171	(169)	(3.2)
2,986	Running Costs	2,852	3,175	323	11.3
407	Central Recharges	487	583	96	19.7
8,497	Total Operating Expenditure	8,679	8,929	250	2.9
8,277	Direct Services	8,574	9,167	593	6.9
364,274	Payments in respect of Freedom Pass and Taxicard	368,677	367,426	(1,251)	(0.3)
7,304	Borough commissioned services	7,505	7,458	(47)	(0.6)
952	ESF commissioned services	1,880	-	(1,880)	(100.0)
60	Contribution to London Funders	60	60	-	-
825	One-off borough payment	1,651	1,651	-	-
196	Improvement and Efficiency	265	178	(87)	(32.8)
416	Research and Commissioning	640	322	(318)	(49.7)
72	YPES Regional Activities	50	56	6	12.0
57	Debt write-off	-	12	12	-
390,933	Total Expenditure	397,981	395,259	(2,722)	(0.7)
	Income				
(365,238)	Contributions in respect of Freedom Pass and Taxicard	(368,790)	(368,446)	344	(0.1)
(8,520)	Borough contributions towards commissioned services	(8,555)	(8,022)	423	4.9
(8,681)	Charges for direct services	(8,974)	(10,098)	(1,124)	(12.5)
(5,888)	Core Member Subscriptions	(5,766)	(5,796)	(30)	(0.5)
(180)	Borough contributions towards YPES	(180)	(180)	-	-
(309)	Borough contribution towards LCP payments	(326)	(357)	(31)	(9.5)
(651)	Government grants	(1,131)	(99)	1,032	91.2
(104)	Interest of Investments	(75)	(95)	(20)	(24.3)
(606)	Other Income	(289)	(630)	(341)	(118.0)
(1,776)	Central Recharges	(1,513)	(1,981)	(468)	(30.9)
(2,135)	Transfer from Reserves	(2,492)	(2,629)	(137)	(5.5)
(394,091)	Total Income	(397,981)	(398,333)	(352)	(0.09)
(135)	Increase/(Reduction) in bad debt provision	-	30	30	-
(3,293)	Deficit/(Surplus)	-	(3,044)	(3,044)	-
	Applied to Funding Streams				
(1,167)	Grants Committee	-	(517)	(517)	-
(1,030)	Transport and Environment Committee	-	(1,644)	(1,644)	-
(1,096)	Joint Committee Services	-	(883)	(883)	-
(3,293)	Deficit/(Surplus)	-	(3,044)	(3,044)	-

8. The above results are split over the London Councils three separate funding streams – the Grants Committee, the Transport and Environment Committee and the core functions undertaken by the Joint Committee, including the financial results of London Councils Limited, to give the following financial results for the year.

Comparison of Income and Expenditure against Revised Budget – Grants Committee

9. Table 3 below summarise the provisional outturn position for the Grants Committee for 2015/16.

Table 3 – Provisional Outturn 2016/17 – Grants Committee

2015/16 Actual		2016/17 Revised Budget	2016/17 Actual	2016/17 Variance	
£000	Expenditure	£000	£000	£000	%
381	Employee Costs	382	417	35	9.1
63	Running Costs	18	26	8	44.4
95	Central Recharges	155	185	30	19.4
536	Total Operating Expenditure	555	628	73	13.2
7,304	Borough commissioned services	7,505	7,458	(47)	(0.6)
60	Membership fees to London Funders	60	60	-	-
952	ESF commissions – 2013-15	-	-	-	-
-	ESF commissions – 2016+	1,880	-	(1,880)	-
-	One-off payment to boroughs	486	486	-	-
57	Debt write-off	-	-	-	-
8,912	Total Expenditure	10,486	8,632	(1,854)	(17.7)
	Income				
(8,520)	Borough contributions towards commissioned services	(8,445)	(8,022)	423	5.0
(495)	Borough contributions towards the administration of commissions	(555)	(555)	-	-
(494)	ESF Grant – 2013-15	-	-	-	-
-	ESF Grant – 2016+	(1,000)	(63)	937	93.7
(14)	Interest on Investments	-	(17)	(17)	-
(499)	Transfer from Reserves	(486)	(492)	(6)	-
(10,022)	Total Income	(10,486)	(9,149)	1,337	12.8
(57)	Increase/(Reduction) in bad debt provision	-	-	-	-
(1,167)	Deficit/(Surplus)	-	(517)	(517)	-

10. The provisional surplus of £517,000 compares to a forecast surplus of £759,000 at the month 9 stage of the year, as reported to the Grants Committee in February 2017, a reduction of £242,000. As highlighted in the forecast monitoring reports to The Grants Committee and the Executive during the course of the year, a distinction is made between the transactions relating to the borough funded S.48 commissioned services (priorities 1,2 and 4) and those

in respect of the ESF/borough matched funded commissions (priority 3). The provisional surplus of £517,000 is split between the S.48 borough commissioned services and the ESF/borough funded commissions, as detailed in Table 4 below:

Table 4 – Payments for Commissioned Services 2016/17

	S.48 borough	ESF/borough	Total
	£000	£000	£000
Payments for commissioned services	7,458	-	7,458
Plus contribution to London Funders Group	46	14	60
Sub-Total	7,504	14	7,518
Plus LC grants administration	519	109	628
Plus repayments to boroughs	185	301	486
Sub-Total	8,208	424	8,632
Less Borough subscriptions	(8,000)	(577)	(8,577)
Less ESF grants income	-	(63)	(63)
Less Investment income	(17)	-	(17)
Less transfer from reserves	(191)	(301)	(492)
Deficit/(Surplus) for the year	-	(517)	(517)

11. For the S.48 borough funded services, a provisional breakeven position has been recorded. The provisional results include year-end liabilities of £754,576 for payments to commissions, which form part of the provisional outturn figure of £7.458 million. A sum of £325,233 in respect of these liabilities has been paid by 30 May 2017. The provisional breakeven position is analysed between:

- a net provisional underspend of £47,340 in relation to payments for commissioned services relating to 2016/17. An underspend position of £69,430 has been offset by an additional one-off payment of £22,000 to Ashiana, as agreed by the Grants Committee in March 2016. The provisional underspend relates to the following commissions, as detailed in Table 4a:

Table 4a – S.48 commissions underspend	£	Reason
St Mungo Community Housing Association	32,517	Unspent funding
Thames Reach	25,802	Unspent funding
Homeless Link	5,302	In administration
Tender Education and Arts	986	Unspent funding
Galop	1,827	Unspent funding
Women's Resource Centre	2,906	Under-delivery
Total projected underspend	69,340	

and

- a provisional net overspend of £68,000 in relation to grants administration expenditure attributable to overspends of £50,000 in respect of salary costs and £35,000 for general running costs and central recharges, offset by £17,000 from investment income received

on Committee reserves. The overspend is primarily due to work surrounding the reletting of commissions in accordance with the priority themes agreed by the Leaders' Committee with effect from 1 April 2017.

12. For the ESF/borough funded commissions, the provisional surplus of £517,000 is attributable to the new 2016-18 ESF programme, which started in November 2016. Payments of £846,000 have been made to providers; however, all of these payments are treated as payments in advance and therefore do not impact on the 2016/17 outturn figures. Similarly, 50% of this amount (£423,000) that is funded out of the £1 million boroughs contributions levied during 2016/17 is treated as deferred income and equally has no impact on the provisional results for the year. Administrative costs, estimated to be in the region of £123,000, including the contribution of £14,000 to the London Funders Group, have been incurred in respect of the new programme, for which grant of £63,000 is expected to accrue.
13. In terms of grants administration on the combined programme, total administration costs of £443,000, excluding central recharges and repayments to boroughs, on total spend of £7.961 million, excluding central recharges and repayments to boroughs, equates to 5.57%, which compares to a figure of 5% for 2015/16. For the London Councils borough funded grants programme, administration costs of £373,000, excluding central recharges and the repayment to boroughs, on total spend of £7.876 million, excluding central recharges and repayments to boroughs, equates to 4.74%, compared to 4.98% for 2015/16. For the new ESF programme, administration costs of £70,000, excluding central recharges, have been incurred. As there was no actual expenditure on the programme, in accounting treatment terms, for 2016/17, there is no comparative benchmark against the 5% figure incurred in respect of administration costs for 2015/16.
14. Further commentary on the year-end position for the Grants Committee is included in paragraphs 66-68 of this report.

Comparison of Income and Expenditure against Revised Budget – Transport and Environment Committee.

15. Table 5 below summarises the provisional outturn position for TEC for 2016/17.

Table 5 – Provisional Outturn 2016/17 – Transport and Environment Committee

Actual 2015/16		Revised Budget 2016/17	Actual 2016/17	Variance 2016/17	
£000	Expenditure	£000	£000	£000	%
582	Non-operational Staffing	652	582	(70)	(10.7)
312	Running Costs	297	188	(109)	(36.7)
61	Central Recharges	74	102	28	36.5
955	Total Operating Expenditure	1,023	872	(151)	(14.8)
8,131	Direct Services	8,426	9,007	581	6.9
364,274	Payments in respect of Freedom Pass and Taxicard	368,677	367,426	(1,251)	(0.3)
37	Research	40	-	(40)	-
3	Reimbursement of parking PCNs	-	-	-	-
-	One off payment to boroughs	340	340	-	-
-	Debt write-off	-	12	12	-
373,400	Total Expenditure	378,506	377,657	(849)	(0.2)
	Income				
(365,238)	Contributions in respect of Freedom Pass and Taxicard	(368,790)	(368,446)	344	0.1
(8,601)	Charges for direct services	(8,892)	(10,004)	(1,112)	(12.5)
(97)	Core Member Subscriptions	(97)	(97)	-	-
(11)	Interest on Investments	-	(1)	(1)	-
(3)	Parking PCN income collected	-	-	-	-
(106)	Other Income	(84)	(140)	(56)	(66.6)
(296)	Net transfer from Reserves	(643)	(643)	-	-
(374,352)	Total Income	(378,506)	(379,331)	(825)	(0.2)
(78)	Increase/(Reduction) in bad debt provision	-	30	30	-
(1,030)	Deficit/(Surplus)	-	(1,644)	(1,644)	-

16. In addition to the transactions detailed in Table 1 above are costs and income associated with the London European Partnership for Transport (LEPT) TfL/EU funded. The provisional deficit shown below is reflected in TEC's short term reserves position. These transaction are summarised in Table 2 below:

Table 2 – Income and Expenditure relating to LEPT 2016/17

	£000
Employee Related Costs	75
Premises Costs	30
Running/Central Costs	31
Other Costs	37
Total Expenditure	163
Grant/Other Income	(163)
Deficit/(Surplus)	-

17. A provisional surplus on revenue activities of £1.644 million has been posted for 2016/17, the headlines of which are summarised in Table 7 below, compared to the position reported at the end of December 2016 (Month 9), highlighting the movement between the two positions.

From this provisional surplus figure, the TEC Executive is being asked to carry forward balances amounting to £227,000 in 2017/18 (paragraphs 26 and 32 below refer). If this request is approved at its meeting on 20 July, the provisional surplus reduces to £1.417 million. An explanation for each of the variances is provide in subsequent paragraphs:

Table 7 – TEC – Analysis of revenue account surplus 2016/17

	Outturn	M9	Movement
	£000	£000	£000
Freedom Pass non-TfL bus services	270	200	70
Freedom Pass survey and reissue costs (net of additional replacement Freedom Passes income)	734	594	140
Interest earned on investment of cash-balances	1	-	1
Research	40	20	20
Net position on Taxicard	-	-	-
Shortfall in replacement taxicard passes income	(13)	(17)	4
Net position on parking appeals	(88)	(97)	9
Net position on other traded parking services	2	(73)	75
Northgate PS Fixed Costs	(9)	2	(11)
London Tribunals Administration	193	(9)	202
Lorry Control Administration	(54)	(19)	(35)
Lorry Control PCNs	543	133	410
Freedom Pass Administration	8	17	(9)
Taxicard Administration	(94)	(32)	(62)
Non-operational staffing costs	70	88	(18)
Overspend on running costs/central recharges	(119)	-	(119)
Underspend on IT system developments	150	50	100
Rechargeable parking systems related work	21	-	21
Net additional in Health Emergency Badge income	9	11	(2)
Miscellaneous Income	21	-	21
Debt write-off	(12)	-	(12)
Increase in Bad Debt provision	(30)	-	(30)
Provisional surplus for the year	1,644	868	776

Freedom Pass non-TfL bus services (-£270,000)

18. In December 2015, TEC approved a budgetary provision of £1.7 million for 2016/17 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.43 million have been received and accepted for 2016/17, which has led to an underspend of £270,000, or 16%. This is broadly attributable to a 6% overestimate of the estimated increase on the 2015/16 costs, a 9% fall in journey volumes and 1% attributable to a reimbursement agreement with new operators that took over the services from the existing operators, the terms of which were more favourable to London Councils. The 9% fall on journey volumes was partially due to changes to eligibility age (3.5%) and also as result of network restructure and withdrawn services. Six of the LSP operators ceased services between September 2016 and January 2017 following network reviews, after the 2016/17 budget had been set.

Net Freedom Pass survey and issue costs (-£737,000)

19. The budget for the pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Provisional total expenditure for 2016/17 is £966,000, a provisional underspend of £552,000. In addition, a sum of £732,000 was collected during 2016/17 in respect of replacement Freedom Passes, £182,000 in excess of the £550,000 budgetary provision. In net terms, therefore, there was a surplus of £734,000, which, in accordance with approved Committee practice, will be transferred from the provisional surplus to the specific reserve created to fund the full 2020 freedom pass renewal process.

Interest earned on investment of cash-balances (-£1,000)

20. Cash-flow management undertaken at the City of London, who invest London Councils cash balances on behalf of boroughs, has yielded interest receipts of £1,131 against a zero budgetary provision.

Research Budget (-£40,000)

21. No expenditure on research was incurred during the year, against an approved budget of £40,000.

Taxicard (Net Nil)

22. Total payments to the contractor, City Fleet were £11.555 million, £528,000 below the revised total budgetary provision of £12.083 million. The underspend has arisen despite the total number of trips taken during the year having increased by 4.32% on the comparative figure for 2015/16. Both TfL's budget and many of the borough budgets are still higher than the required projected spend so underspending boroughs and TfL will be refunded. TfL also funded the management charge for LB of Barnet of £11,936. Total expenditure, therefore, was £11.567 million. The boroughs and TfL have provided total combined trips funding for the year of £12.295 million, so net refunds totalling £728,000 have been made; a sum of £524,000 to boroughs (£793,000 underspends less £269,000 overspends) and £204,000 refunded to TfL (£204,000).

Income from the issue of replacement Taxicards (+£13,000)

23. A sum of £23,010 was collected against a full year budgetary provision of £36,000, leading to a £12,990 shortfall.

Traded Services (+£95,000)

24. This net deficit position of £95,000 is made up of a number of elements, which have been reported regularly to TEC during the year. These are listed below:

- Firstly, there are two elements where the effect on income and expenditure levels produces a neutral effect and does not change the overall net surplus position:
 - A provisional overspend of £817,000 for increased payments to Northampton County Court, which is a borough demand led service for the registration of persistent non-payers of parking PCN's in the County Court at £7 per time. The costs are fully recovered from boroughs, leading to a compensating increased level of income collected for the year.
 - Expenditure on congestion charging appeals is estimated to be £338,000, £84,000 more than the budgetary provision of £254,000. The number of appeals heard during the year was 6,602, 435 more than the budgeted figure of 6,167. The throughput of appeals was calculated at 1.68 appeals per hour, compared to 1.65 per hour for 2015/16. However, as the cost of these appeals is recharged to the GLA/TfL at full cost, there was a corresponding increase in income due for the year of £84,000, which therefore has a zero effect on TEC's provisional financial position for the year.
- Secondly, there is a net deficit of £88,000 in respect of parking and traffic appeals. The number of appeals and statutory declarations heard during the year was 41,855 against a budget of 52,885, generating income of £1.307 million, £322,000 less than the budget estimate of £1.632 million. However, this is offset by a significant reduction in adjudicator, contractor and administration costs of £233,000. The throughput of appeals was 2.5 appeals per hour, compared to a budget figure of 2.76 and an actual figure of 2.43 appeals per hour for 2015/16.
- Thirdly, the transaction volumes for other parking systems¹ used by boroughs and TfL over this period continue to reduce overall, resulting in a projected net deficit of £86,000. On the expenditure side, this takes into account the pricing structure offered by Northgate and expenditure was £9,000 more than the £193,000 budget. On the income side, unit cost recharges to boroughs for 2016/17 were set by the full Committee in December 2015 and amounted to £485,000, £77,000 less than the £562,000 income target. However, this deficit is offset by the recharging of non-appeal fixed costs to boroughs of £88,000.

¹ These consist of TRACE, which allows a vehicle owner to find out the exact location of their towed-away vehicle and how much the release fee will be; and TEC, the system that allows boroughs to register any unpaid parking tickets with the Traffic Enforcement Centre and apply for bailiff's warrants.

- Finally, there was a deficit of £9,000 on the fixed costs recovered on the RUCA contract, reflecting the reduced contract price arising from the new contract with TfL/GLA that commenced in December 2016.

London Tribunals Administration (-£193,000)

25. The appeals Hearing Centre underspent the budget of £2.824 million by £193,000, primarily attributable to ETA operations. Salaries overspent by £6,000, offset by savings on overall premises costs of £23,000 and legal costs of £23,000. There were savings of £124,000 on postage and administrative handling costs in respect of appeals that are now covered in the unit cost pricings under the current contract arrangements, plus net savings of £28,000 in respect of general office running costs and central recharges.

Lorry Control Administration/PCN income (-£489,000)

26. The administration of the London Lorry Control Scheme overspent the budget of £674,000 by £54,000. This is attributable to additional salary costs of £20,000, registering debt at the County Court of £10,000, additional contract payments of £9,000, plus additional central recharges of £53,000, offset by an underspend on general office costs of £2,000. These overspends were offset by an underspend of £36,000 in respect of the review of LLC Scheme, which commenced towards the end of the financial year. At its meeting in July, the TEC Executive Sub-Committee will be asked to approve the carry forward of the underspend on the review of the LLC Scheme of £36,000 into 2017/18 when the review will be completed.

27. However, there was a significant overachievement in the collection of PCN income of £571,000 above the budgetary provision of £750,000, due to continued effective performance of the outsourced enforcement function meaning that transaction volumes continue to increase, leading to higher levels of debt actually being raised and collected. In addition, the continued functionality of the Adaptis computer management system allows outstanding debt to be registered at the Court more quickly. Of the £1.293 million income due for the year, £171,000 has yet to be collected and has been registered with the County Court. A bad debt provision of £137,000 has been established in respect of this outstanding amount, in accordance with usual accounting practice. This is an increase of £28,000 on the bad debt provision of £109,000 as at 31 March 2016, so the net surplus income reduces to £543,000 for the year.

Freedom Pass Administration (-£8,000)

28. The administration of the freedom pass under spent the budget by £8,000, attributable to an underspend on salary costs of £14,000 and £30,000 on general office costs, offset by additional central costs of £36,000.

Taxicard Administration (+£94,000)

29. The administration of the taxicard scheme overspent the budget by £94,000. Additional salary costs of £33,000 were incurred, along with additional central costs of £79,000. These were offset by an underspend of £18,000 on general office costs.

Non Operational Staffing Costs (-£70,000)

30. The non-operational employee cost budget of £603,000, plus £30,000 maternity cover, underspent by £70,000 at £563,000. This is primarily attributable to vacancies being held in respect of policy staff in the Policy and Public Affairs Directorate, leading to a reduced recharge to TEC for these salary costs. Non-operational salaries have been fully recharged, where appropriate, to reflect actual support to direct service and externally funded operations.

Running Costs/Central Recharges (+£72,000)

31. This overspend is primarily attributable to overspends of £21,000 for bank charges, additional central recharges of £28,000, general office expenses of £43,000, depreciation of £4,000 and £21,000 for rechargeable IT works for boroughs on parking systems (refer other income accrued in paragraph 33).

IT Systems Developments (-£150,000)

32. The budgetary provision of £150,000 was allocated in 2016/17 for IT developments within transport and mobility, with expressed intention of undertaking further developments to London Tribunals systems. These developments, which are still planned, did not take place in 2016/17. In large part, this was due to trialling a new approach to adjudicating statutory declarations and witness statements (the intended focus of the development work). This trial ended in April 2017 and London Councils intends to continue with the planned development work in 2017/18, which must be undertaken before full electronic data exchange, which will reduce processing work and costs, can be implemented for the benefit of Enforcing Authorities. In addition, a sum of £41,000 from Northgate was also received in respect of service credits accrued during the year, making a gross underspend of £191,000. At its meeting in July, the TEC Executive Sub-Committee will be asked to approve the carry forward of the underspend into 2017/18 to complete the required work.

Other income (-£42,000)

33. Other income exceeded the £84,000 budget by £42,000 as follows:

- Rechargeable works to boroughs for parking system development work amounted to £21,000, the expenditure for which is included as part of running costs detailed in paragraph 31;
- £5,000 in respect of sponsorship income;
- Secondment income of £9,000;
- Miscellaneous income of £17,000; offset by
- A reduction in income of £10,000 from TfL in respect of administrative duties performed in respect of the concessionary fares settlement.

Bad Debts provision (+£30,000)

34. The Committee's bad debt provision as at 1 April 2016 was £108,000, which related to Lorry Control PCNs that had been registered at the County Court but which were unpaid at 31 March 2016. A review of the aged debts at the year-end has resulted in a revised year-end provision of £139,000, £137,000 of which relates to Lorry Control PCN income, an increase of £28,000, as highlighted in paragraph 20. The remaining £2,000 relates to other parking debt, in accordance with London Councils accounting policies, an increase of £2,000 on the zero provision for 2015/16.

35. Further commentary on the year-end position for TEC included in paragraphs 66-68 of this report.

Comparison of Income and Expenditure against Revised Budget – Joint Committee

36. Table 8 below summarises the position for the Joint Committee:

Table 8 – Provisional Outturn 2016/17– Joint Committee

Actual 2015/16		Revised Budget 2016/17	Actual 2016/17	Variance 2016/17	
	Expenditure	£000	£000	£000	%
4,141	Employee Costs	4,306	4,172	(134)	(3.1)
2,611	Running Costs	2,537	2,961	424	16.7
251	Central Recharges	258	296	38	14.7
6,703	Total Operating Expenditure	7,101	7,429	328	4.6
146	Direct Services	148	160	12	8.1
196	Improvement and Efficiency	265	178	(87)	(32.8)
379	Research and Commissioning	600	322	(278)	(46.3)
72	YPES Regional Activities	50	56	6	12.0

825	One-off payment to boroughs	825	825	-	-
8,621	Total Expenditure	8,989	8,970	(19)	(0.2)
	Income				
(80)	Income for direct services	(82)	(94)	(12)	(14.6)
(5,296)	Core Member Subscriptions	(5,114)	(5,144)	(30)	0.6
(180)	Borough contribution towards YPES payments	(180)	(180)	-	-
(309)	Borough contribution towards LCP payments	(326)	(357)	(31)	(9.5)
(157)	Government Grants	(131)	(36)	95	72.5
(79)	Interest on Investments	(75)	(77)	(2)	(2.66)
(500)	Other Income	(205)	(490)	(285)	(139.0)
(1,776)	Central Recharges	(1,513)	(1,981)	(468)	(30.9)
(1,340)	Transfer from Reserves	(1,363)	(1,494)	(131)	(9.61)
(9,717)	Total Income	(8,989)	(9,853)	(864)	(9.61)
-	Increase/(Reduction) in bad debt provision	-	-	-	-
(1,096)	Deficit/(Surplus)	-	(883)	(883)	-

37. A provisional surplus on revenue activities of £883,000 has been posted for 2016/17, the main constituents of which are explored in the paragraphs below:

Expenditure

Employee Costs (-£134,000)

38. The headline position is an underspend of £84,000 on officer salary costs, which increases to £126,000 once a reimbursement of £42,000 for an outgoing secondment is taken into account. The secondment income is included within other income at paragraph 48. The maternity cover budget of £50,000 was not used during the year.

Running Costs (+£424,000)

39. The running cost overspend is attributable to a number of under and overspends across a range of functions. Certain spend has been offset by income that has accrued during the year, as noted in paragraph 48, and some expenditure has been recharged to other funding streams and funded projects, which feature in the additional central recharge income detailed in paragraph 50. These particular areas are highlighted below:

- Expenditure on the annual London Summit and the annual Andy Ludlow Award amounted to £50,000, which is offset by additional income of £42,000 reflected in other income at paragraph 48;
- Expenditure on relaunching the London Councils intranet of £49,000 is offset by additional communications income of £67,000 generated during the year, as detailed in paragraph 48;

- Consultants fees of £19,000 in respect of providing GLEF/ Regional Employers related training courses, which has raised additional income of £34,000, as detailed in paragraph 48;
- The full cost of the City of London SLAs for support services, which shows as indicative additional expenditure of £176,000 in the Joint Committee account, but for additional income of £69,000 from central recharges detailed in paragraph 50 will accrue.
- Finally, the proposed rent increase for the Southwark Street site will generated additional central recharge income of £127,000 (refer paragraph 50 also).

40. If the expenditure highlighted in paragraph 39 is excluded, the underlying overspend on running costs reduces to £110,000, is broadly broken down as follows:

- An initial estimated liability of £347,000 arising from the proposed rent review in respect of the Southwark Street site, in accordance with the 10 year lease agreed with the City of London in 2011, which is subject to on-going negotiations. This potential additional cost will be offset by estimated income of £127,000 in respect of the element of the potential increase that feeds into the central recharge model, where additional income accrues to the Joint Committee via charges to the TEC and Grants funding streams and projects funded from other sources. An analysis of the overall increased central recharge income is detailed in paragraph 50 below;
- additional business rates for the Southwark Street site of £48,000;
- additional security costs at Southwark Street of £11,000;
- provisional underspends on the staff training/recruitment budgets of £43,000 and £10,000 in respect of staff travel;
- provisional underspends of £47,000 for telephones and £25,000 on postal costs;
- a provisional underspend of £29,000 on NOTIFY IT system development costs; and
- a provisional underspend of £5,000 on insurance costs and £8,000 on subscriber services.

Central Recharges (+£38,000)

41. These additional costs relate to recharges to the Joint Committee managed functions - London Care Placements (£31,000), the London Health Board (LHB) (-£1,000) and the YPES (+£8,000). A sum of £26,000 relating to these additional costs is attributable to the initial estimated rent increase at the Southwark Street site. The remainder has been generated by the apportionment of actual central costs at the year end, some of which are volume led.

Improvement and Efficiency work (-£87,000)

42. This relates to the funding of former Capital Ambition performance and procurement legacy projects that the Leaders' Committee agreed to continue in December 2011. These are managed via a variety of borough networks, the budget for which in 2016/17 was £265,000. Work has continued on three projects during 2016/17, amounting to £178,000, leading to the underspend of £87,000.

Commissioning (-£278,000)

43. Expenditure on commissioning and other priority work amounted to £222,000 for the year, leading to an underspend of £278,000 against the approved budget of £500,000.

YPES Regional Activities (+£6,000)

44. Spend on the regional YPES programme for 2016/17 of £56,000 has exceeded the budget by £6,000, although this has been part funded by additional consultancy income of £5,000 (refer paragraph 48).

Income

Contributions towards London Care Placements (-£31,000)

45. Contributions from boroughs and other subscribers exceeded the budgeted target of £326,000 by £31,000.

Government Grants (+£95,000)

46. The shortfall in income is attributable to the YPES area of activity. Anticipated funding of £131,000 from the former LEP did not materialise, meaning that the YPES is now fully funded from a combination of borough contributions and transfers from accumulated reserves. This scenario is likely to continue into the current financial year, depleting the overall levels of reserves quicker than originally envisaged. An uncommitted sum of £197,000 remains in Joint Committee reserves for overall YPES activities, after transferring a further £293,000 to the revenue account for 2017/18 to fund the continuation of the service. Additional grant of £22,000 was received during 2016/17 to continue funding expenditure relating to the Accelerated Learning Project (ALP), managed by the YPES, with ESF grant of £14,000 also accruing for the YPES managed Youth Project.

Interest on Investments (-£2,000)

47. Investment income on joint committee reserves raised an additional £2,000, accruing £77,000 for the year, again reflecting a reasonable return from the investment of London Councils cash balances by the City of London in the money markets.

Other Income (-£285,000)

48. This additional income is made up of a number of elements:

- Income in respect of the London Summit (£20,000) and the Andy Ludlow Award (£22,000), offset by expenditure of £50,000 as detailed in paragraph 39 above;
- Additional income of £106,000 for the letting of meeting room facilities at Southwark Street, including £36,000 relating to charges for use by tenants;
- Additional income of £34,000 for GLEF/Regional Employers related courses and other associated work, offset by the cost of consultants engaged to deliver some of the courses of £19,000, leading to net additional income of £15,000 (refer paragraph 39 above);
- Consultancy income generated by the YPES of £5,000 to cover the marginal overspend on the YPES regional programme (see paragraph 44 above);
- Secondment income of £42,000, which reduces total salary costs as highlighted in paragraph 38 above;
- Additional income generated by the Communication division for services provided to third parties of £37,000 plus income received in respect of royalties of £30,000. These income streams were used to partially fund the review and relaunch of the London Councils intranet, as detailed in paragraph 39 above;
- Additional income of £19,000 generated by the Communications and the YPES in respect of officer time spent on the Regional Adoption Project; and
- Miscellaneous income of £4,000.

49. The additional income in paragraph 48 above is offset by a deficit of £15,000 in respect of anticipated London Care Placements income and a shortfall of £19,000 in publications and other communications income.

Central Recharge Income (-£468,000)

50. Additional income in respect of central recharges of £468,000 has arisen, of which £162,000 related to the recharging of Southwark Street premises costs to the TEC and Grants funding streams and to externally funded projects and licenced tenants. As indicated in paragraph 40, included within the £162,000 is a sum of £127,000 which relates to the estimated liability associated with the proposed rent increase for Southwark Street. A breakdown of the additional recharges broadly comprise of the following:

- Recharges for communications staffing and running costs of £66,000;
- Recharges for Corporate Governance functions, including that of the Chief Executive's Office of £55,000;

- Recharges for Corporate Resources staffing, SLAs with the City of London, External Audit and general office costs of £106,000 to TEC and the Grants Committee; and
- Recharges for Corporate Resources staffing, SLAs with the City of London, External Audit and general office costs of £79,000 to externally funded functions and licenced tenants.

External Projects

51. Not included in the figures detailed in Table 8 are transactions of £2.179 million relating to work or projects financed by external bodies, which have no effect of the bottom-line position.

These include:

- The ESF Borough funded commissions, amounting to £391,000;
- A range of health, child protection and worklessness projects funded by the MPS/ SFA / DfES of £670,000;
- Various smaller projects, amounting to £196,000;
- Capital Ambition Programme Office and residual project costs, including London Ventures, of £922,000;

52. As reported to the Executive in March 2016, a provision against uncommitted reserves of £300,000 was established in respect of the borough ESF programme of commissioned services that was jointly funded by 26 participating boroughs over the period 2008 to 2015. Work is continuing with funders to resolve the potential shortfall in income in respect of administrative costs, which has been revised down to £256,000, with the situation expecting to be concluded during the current financial year. There is the risk of a similar position emerging in respect of the 2016-18 borough ESF programme, although as the programme, which started in November 2016, is on-going, there is greater scope to reduce administrative costs to minimise any potential loss. However, at this stage, it is prudent to establish a further provision of £77,000 to cover potential shortfalls in income in respect of the new programme, making a provision of £333,000 in total. This indicative provision has, therefore, been reflected in the Joint Committees short term reserves position and is included in Tables 12 and 13 at paragraphs 64-65.

Balance Sheet as at 31 March 2017

53. The provisional consolidated balance sheet position as at 31 March 2017 is shown in Table 9 below, compared to the audited position for 2015/16:

Table 9 – Balance Sheet Comparison 2016/17 and 2015/16.

	As at 31 March 2017 (£000)	As at 31 March 2016 (£000)
Fixed Assets	1,538	1,723
Current Assets	22,819	21,720
Current Liabilities	(10,963)	(10,574)

Long-term Liabilities	(30,435)	(23,380)
Total Assets less Liabilities	<u>(17,041)</u>	<u>(10,512)</u>
Represented by:		
General Fund	9,748	11,640
Specific Funds	3,308	1,000
Pension Fund	(29,989)	(23,026)
Accumulated Absence Fund	<u>(108)</u>	<u>(126)</u>
	<u>(17,041)</u>	<u>(10,512)</u>

54. The main features of the provisional balance sheet as at 31 March 2017 are as follows:

- Fixed assets have decreased by £185,000 to £1.538 million from £1.723 million. The decrease is attributable to expenditure on the acquisition of assets amounting to £125,000 offset by the annual depreciation charge of £310,000;
- Current assets have increased by £1.099 million to £22.819 million from £21.72 million, which is attributable to an increase of £1.134 million in debtors offset by a £35,000 decrease in cash balances. The rise in debtors is due to increases of £1.129 million in respect of advance payments to ESF commissions, £522,000 in respect of amounts owed by boroughs for the Non-TfL concessionary fare schemes and £224,000 in respect of borough Taxicard budget overspends. The total value of these increases which amounts to £1.875 million is offset by a decrease of £730,000 in respect of payments for TEC parking services and residual variances of £11,000;
- Current liabilities have increased by £390,000 to £10.964 million from £10.574 million, which is attributable to initial estimated increases of £559,000 in respect of premises costs, £551,000 in respect of borough contributions to the ESF match funded grant programmes, £448,000 in respect of amounts owed to S.48 borough commissioned services, £423,000 in respect of deferred funding for the ESF grant match funded programme, £281,000 in respect of an overpayment to be paid back to a member borough, £201,000 in respect of deferred income for externally funded projects and residual variances of £78,000. The total value of these increases which amounts to £2.542 million is offset by decreases of £919,000 in respect of Capital Ambition balances, £540,000 in respect of amounts owed to Capital Ambition partners, £347,000 in respect of Freedom Pass reissue costs and £346,000 in respect of borough Taxicard budget refunds;
- Long term liabilities have increased by £7.055 million to £30.435 million from £2.38 million which is attributable to an increase in the value of the IAS19 pension deficit of

£6.963 million and an increase of £92,000 to the long term provisions in respect of property leases; and

- The above movements have resulted in an overall decrease in reserves to a negative balance of £17.041 million as at 31 March 2017, inclusive of the IAS19 deficit (which is explored from paragraph 55 onwards) and the balance on the accumulated absences reserve.

Effect of IAS19 Employee Benefits

55. International Accounting Standard 19 (IAS19), Employee Benefits (formerly Financial Reporting Standard 17, Retirement Benefits or FRS17), is an international accounting standard that all authorities administering pensions funds must follow. London Councils, as an Admitted Body of the Local Government Pension Scheme (LGPS) administered by the London Pensions Fund Authority (LPFA), has been subject to this accounting standard since 2003/04, the first year that such disclosures were required (previously under FRS17).
56. IAS19 requires an organisation to account for retirement benefits when it is committed to give them, even if the actual giving will be many years to come and is, therefore, a better reflection of the obligations of the employer to fund pension promises to employees. It requires employers to disclose the total value of all pension payments that have accumulated (including deferred pensions) at the 31 March each year.
57. This value is made up of:
- The total cost of the pensions that are being paid out to former employees who have retired; and
 - The total sum of the pension entitlements earned to date for current employees – even though it may be many years before the people concerned actually retire and begin drawing their pension.
58. IAS19 also requires London Councils to show all investments (assets) of the Pension Fund at their market value, as they happen to be at the 31 March each year. In reality, the value of such investments fluctuates in value on a day to day basis but this is ignored for the purpose of the accounting standard. Setting side by side the value of all future pension payments and the snapshot value of investments as at the 31 March, results in either an overall deficit or surplus for the Pension Fund. This is called the IAS19 deficit or surplus.
59. London Councils has to obtain an IAS19 valuation report as at 31 March each year in order to make this required disclosure. This is done through the actuaries of the LPFA fund, Barnett Waddingham. The IAS19 surplus or deficit is allocated across London Councils three funding

streams– the Joint Committee (JC), the Transport and Environment Committee (TEC) and the London Councils Grants Committee (GC) functions in proportion to the actual employer's pensions contributions paid in respect of staff undertaking each function. IAS19 has no effect on the net position of income and expenditure for the year. However, the IAS19 deficit or surplus needs to be reflected in the balance sheet. For London Councils Joint Committee, the Pension Fund deficit as at 31 March 2016 was £23.026 million. The deficit on the Pension Fund as at 31 March 2017, as determined from the latest valuation undertaken by the actuary, is £29.989 million, an increase of £6.963 million.

60. The reason for this increase in the pensions deficit is due to changes in the key financial assumptions in relation to discount rate yields and the CPI inflation rate that have led to an increase in the defined benefit obligation. Whilst returns on assets such as equities has been strong during the year, it has been overshadowed by an increase in the defined benefit obligation due to a reduction in the discount rate (which is based on corporate bond yields) and an increase in future inflation rates which are both used in the calculation of the obligation.
61. Table 9 clearly demonstrates, therefore, that the Committee's provisional reserves of £13.056 million as at 31 March 2017 are notionally reduced by £29.989 million as a result of the requirement to fully disclose the pension fund deficit on the balance sheet. Future reviews of the employers pension contribution rate is intended, over time, to reduce the overall deficit and the Committee, should not view the provisional balance on reserves as being a potential call on funding the pensions fund deficit. The London Councils External Auditors, KPMG LLP will test the assumptions made by the actuary in arriving at this valuation in the course of their external audit during July/August.

Committee Reserves

62. Inclusive of the IAS19 Pension and the Accumulated Absence Reserves, the pre-audited overall position on the Committee's Reserves as at 31 March 2017 is detailed in Table 10:

Table 10 – Overall London Councils Reserves as at 31 March 2016

	General Reserve (£000)	Specific Reserve (£000)	Pension Fund (£000)	Accumulated Absences (£000)	Total (£000)
Audited balance at 1 April 2016	10,283	2,358	(23,026)	(126)	(10,511)
Transfer (to)/from Revenue Account	(2,328)	(301)	(1,317)	18	(3,928)

Movement on Pension Fund Reserve	-	-	(5,646)	-	(5,646)
(Deficit)/Surplus for Year	1,793	1,251	-	-	3,044
Provisional Balance at 31 March 2017	9,748	3,308	(29,989)	(108)	(17,041)

63. The pre-audited position on the Committee's Reserves as at 31 March 2017, split across the three-funding streams and exclusive of the IAS19 Pension and the Accumulated Absence Reserves, is detailed in Table 11:

Table 11– Analysis of Provisional Reserves as at 31 March 2017

	Transport and Environment Committee (£000)		Joint Committee (£000)	Grants Committee (£000)		Total (£000)
	General	Specific	General	S.48	ESF	
Total audited reserves at 1 April 2016	3,269	1,000	6,380	634	1,358	12,641
Resources committed in 2016/17	(303)	-	(669)	(6)	-	(978)
One-off payment to boroughs 2016/17	(340)	-	(825)	(185)	(301)	(1,651)
Provisional (deficit)/surplus for 2016/17	910	734	883	-	517	3,044
Provisional reserves as at 31 March 2017	3,536	1,734	5,769	443	1,574	13,056

64. Table 12 below details the current level of commitments arising from the current and future financial year of £7.466 million and highlights the residual forecast level of uncommitted reserves available:

Table 12– Residual balances after Current Commitments

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
General Reserve at 31 March 2017	3,536	5,769	443	9,748
Specific/ESF reserve at 31 March 2017	1,734	-	1,574	3,308
Provisional reserves at 31 March 2017	5,270	5,769	2,017	13,056
Committed in setting 2017/18 budget	(488)	(1,183)	(75)	(1,746)
One-off payment to boroughs 2017/18	(340)	(330)	(156)	(826)
Balances c/f into 2017/18	(227)	(44)	-	(271)
Potential ESF grants commitments in				

2017/18- 2018/19	-	-	(1,574)	(1,574)
Provisional commitments for 2018/19 -2019/20	(2,534)	(515)	-	(3,049)
Uncommitted reserves	1,681	3,697	212	5,590

65. The current level of commitments from reserves, as detailed in Table 12, of £7.466 million over the short-to-medium term are detailed in Table 13 below:

Table 13– Commitments from Reserves

	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000
Balances b/f from 2016/17	271	-	-	271
Approved transfer from JC general reserves	164	-	-	164
Approved transfer from TEC general reserves	288	-	-	288
Accumulated YPES funds	293	182	-	475
Slippage of ESG grants funding	-	787	787	1,574
One-off repayment to boroughs	826	-	-	826
Challenge Implementation Fund	525	-	-	525
Support to the health transition process	201	-	-	201
2020 Freedom Pass reissue	-	534	2,000	2,534
TEC priority projects	200	-	-	200
Support to 3 rd sector via City Bridge Trust	75	-	-	75
Potential ESF liability on borough funded programme	256	77	-	333
Totals	3,099	1,580	2,787	7,466

Conclusions

66. Tables 12 and 13 show that the approved use of reserves over the three-year period 2017/18 to 2019/20 is forecast to reduce the overall projected level of reserves by £7.466 million from £13.056 million to £5.59 million. A brief commentary on the financial position of each of the three funding streams is provided below:

- Grants Committee – the £242,000 reduction in the projected surplus as at Month 9 is due a reduction in ESF borough contributions of £423,000 and ESF grant income of £153,000 attributable to the year, a net increase in administration costs of £21,000, offset by a reduction in ESF payments to providers attributable to the year of £349,000 plus an additional transfer from reserves of £6,000. Provisional reserves of £212,000 remain after allowing for potential ESF commitments of £1.574 million during 2017/18 and 2018/19 in respect of the current ESF programme, the repayment of £156,000 to boroughs and £75,000 to fund Third Sector Support, as agreed by the Leaders' Committee in December 2016. This equates to 3.18% of on-going borough funded commissions of £6.668 million, marginally below the 3.5% benchmark established by the Grants Committee in 2013.

- TEC – The £776,000 movement for TEC is highlighted in Table 7 and explored in detail in the analysis of actual income and expenditure against the approved budgets in paragraphs 18-34 above. It is mainly due to an increase in Lorry Control PCN income, net of an increase in the bad debt provision, of £410,000, an improvement on the net position for spend on Freedom Pass issue costs and replacement Freedom Pass income of £140,000, an increase of £202,000 in respect of the reduced cost of the administration of the London Tribunal, an increase in the underspend of £100,000 in respect of IT system development costs; offset by additional general running costs and central recharges of £119,000. Provisional residual general reserves of £1.681 million equates to 14.4% of operating and trading expenditure of £11.705 million for 2017/18, which is within the upper limit of the 10%-15% benchmark established by TEC in 2015; and
- Joint Committee - The £515,000 increase in the surplus projected at Month 9 is primarily due to a reduction in the net salaries underspend of £38,000, an overspend on adjusted running costs and central recharge expenditure of £327,000 offset by increases in the underspends related to the commissioning budget (£153,000) and improvement and efficiency projects (£21,000). Additional income arose from movements in member contributions (£30,000), investment income (£25,000) and adjusted movement on other income (£160,000), which is explained in full at paragraphs 45-49. Net movement of £468,000 has arisen from the legitimate charging of central costs to TEC, Grants and externally financed projects and tenants, as detailed at paragraph 50. Provisional residual reserves of £3.697 million remain after considering all current known commitments up to 2019/20.

67. The financial year 2016/17 is the second year of the three-year financial strategy period agreed by the Leaders' Committee in December 2014 covering the period 2015/16 to 2017/18. The projected level of uncommitted reserves across all three funding streams of £5.589 million continues to leave the organisation in a strong position to continue to deliver the priorities contained in the business plan, to meet expectations arising from the recent Challenge process and support other member-led initiatives that could potentially arise in the short to medium term.

Summary

68. This report summarises the provisional pre-audited consolidated financial position for London Councils for the 2016/17 financial year. A table showing the provisional consolidated revenue position is shown followed by a separate provisional revenue summary for each of London Councils three funding streams, together with explanations for the main variances.

The provisional consolidated balance sheet position and the provisional position on the level of London Councils reserves is then detailed and then concludes with commentary on the financial outlook for 2017/18 and beyond.

Recommendations

69. The Executive is asked:

- To note the provisional consolidated outturn position of a surplus of £3.044 million for 2016/17 and the provisional outturn position for each of the three funding streams;
- To approve the carry forward of £29,000 into 2017/18 in respect of planned NOTIFY system developments;
- To approve the carry forward of the underspend of £15,000 in respect of the YPES be held in reserves for the specific future funding of this service, in accordance with usual practice;
- To note the carry forward of £227,000 into 2017/18 in respect of TEC system developments, subject to final approval by the TEC Executive on 20 July;
- To note the provisional level of reserves of £13.056 million as at 31 March 2017 (paragraphs 62-63), which reduces to £5.59 million once known commitments of £7.466 million are taken into account (paragraphs 64-65);
- To note the updated financial position of the London Councils as detailed in paragraphs 66-67 of this report; and
- To agree to receive a further report in November 2017 after the completion of the external audit by KPMG LLP to adopt the final accounts for 2016/17. The final accounts will be signed off at the meeting of the Audit Committee on 21 September 2017, during which KPMG LLP will formally present the Annual Audit Report for approval.

Background Papers

Final Accounts Working Papers File 2016/17;
Budget Monitoring Working Papers File 2016/17;
Budget Working Papers Files 2016/17 and 2017/18.