

Leaders' Committee

11 July 2017 – 11:30 am

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

Refreshments will be provided

London Councils offices are wheelchair accessible

Labour Group: Room 2 and 3 10:00

Political Adviser: 07977 401955)

Conservative Group: Room 5 10:00

(Political Adviser: 07903 492195)

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

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 - Executive – 9 May 2017
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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

The Chairman to move the removal of the press and public since the following items are exempt from the Access to Information Regulations. Local Government Act 1972 Schedule 12(a) (as amended) Section 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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London Councils

Minutes of the London Councils Leaders' Committee held on 21 March 2017
Cllr Claire Kober chaired the meeting

Present:

BARKING AND DAGENHAM
BARNET
BEXLEY
BRENT
BROMLEY
CAMDEN
CROYDON
EALING
ENFIELD
GREENWICH
HACKNEY
HAMMERSMITH & FULHAM
HARINGEY
HARROW
HAVERING
HILLINGDON
HOUNSLOW
ISLINGTON
KENSINGTON & CHELSEA
KINGSTON
LAMBETH
LEWISHAM
MERTON
NEWHAM
REDBRIDGE
RICHMOND UPON THAMES
SOUTHWARK
SUTTON
TOWER HAMLETS
WALTHAM FOREST
WANDSWORTH
WESTMINSTER
CITY OF LONDON
LFEP A

Cllr Dominic Twomey
Cllr Richard Cornelius
Cllr Teresa O'Neill OBE
Cllr M. A. Butt
-
Cllr Patricia Callaghan
Cllr Tony Newman
Cllr Julian Bell
Cllr Doug Taylor
Cllr Denise Hyland
Mayor Philip Glanville
Cllr Sue Fennimore
Cllr Claire Kober
Cllr Sachin Shah
Cllr Roger Ramsey
Cllr David Simmonds CBE
Cllr Steve Curran
Cllr Janet Burgess
Cllr Nicholas Paget-Brown
Cllr Kevin Davis
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Stephen Alambritis
Cllr Ken Clark
Cllr Jas Athwal
Cllr Lord True
Cllr Peter John OBE
Cllr Ruth Dombey OBE
Cllr Sirajul Islam
Cllr Clare Coghill
Cllr Ravi Govindia CBE
Cllr Nicky Aiken
Mr Mark Boleat
-

Apologies:

BARKING AND DAGENHAM
BROMLEY
CAMDEN
HAMMERSMITH & FULHAM
HILLINGDON
ISLINGTON
NEWHAM
TOWER HAMLETS
WALTHAM FOREST

Cllr Darren Rodwell
Cllr Stephen Carr
Cllr Sarah Hayward
Cllr Stephen Cowan
Cllr Ray Puddifoot MBE
Cllr Richard Watts
Mayor Sir Robin Wales
Mayor John Biggs
Cllr Chris Robbins

Officers of London Councils were in attendance.

1. Apologies for absence and announcement of deputies

The apologies and deputies listed above were noted.

2. Declarations of interest

No interests were declared.

3. Minutes of Leaders' Committee meeting held on 7 February 2017

The Chair pointed out that London Councils' response to the National Funding Formula for schools and high needs consultation had been submitted in the previous week.

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 7 February 2017.

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

The Chair introduced the item saying it was a progress report for noting.

Leaders' Committee agreed to note:

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

5. Transforming Health and Care through Devolution

Cllr Kevin Davis (Conservative, Health, Kingston) introduced the item saying that two key issues were being faced:

- Developing an overarching narrative as to what Health in London should look like and what future powers were needed
- Having achieved the success of securing the Memorandum of Understanding (MoU), to establish what its future would be. Some pilot boroughs were already carrying out

elements of it which the MoU contained, while others would need to be supported in coming to terms with the potential to evolve their role.

Cllr Peter John (Labour, Business, Skills and Brexit, Southwark) made reference to the deal that L. B. Hackney had already signed and asked how the tension between health and social care would be resolved with the CCG (Care Commissioning Group) structure looking upward to the DoH and social care looking downward, locally.

Mayor Philip Glanville (Labour, Hackney) pointed out that a significant amount of money had been pooled under his borough's agreement and devolution was already being taken forward. Local Health and Wellbeing Boards had been built into the structure.

Cllr Richard Cornelius (Conservative, Barnet) argued that there should be an ambition to exercise far greater influence over large areas of local health and social care in London.

Cllr Steve Curran (Labour, Hounslow) felt that a culture change was needed and Cllr Denise Hyland (Labour, Greenwich) concurred and said that the huge challenge of gaining greater responsibility in this area in a period of significant budget cuts needed to be properly considered.

Cllr David Simmonds CBE (Conservative, Hillingdon) saw a real co-ordinating role for London Councils to play.

Cllr Davis responded by saying that part of the overarching narrative was that there were different ways of dealing with acute and primary care in boroughs and that the MoU did not fully tackle those issues, focusing more on Section 75 powers.

Leaders' Committee agreed to note the report.

6. The Housing White Paper

Mayor Sir Steve Bullock (Labour, Housing, Lewisham) introduced the item saying:

- The Government's change of direction on tenure expressed in the White Paper *Fixing Our Broken Housing Market* was welcomed although, inevitably, some aspects of the White Paper did not go so far as boroughs generally would wish
- It said little about boosting Construction Skills which was almost as big a problem as money or land

- Work was going forward on the possibility of a collaborative vehicle designed to secure additional investment over and above existing (rather than instead of) and more detail would be forthcoming in the next few weeks and months
- It was a huge challenge to be building 50,000 units a year by the end of the current Mayor's term but even that was likely to be insufficient compared to need

Cllr Ravi Govindia (Conservative, Wansdsworth) offered some additional points:

- The role design played in making high density more visually acceptable was missing from the White Paper
- On Construction Skills, boroughs needed to understand better the role of off-site construction work
- More needed to be done with public land, the NHS estate being a classic example of land with planning permission that was not being built on.

Cllr Julian Bell (Labour, TEC, Ealing) - while welcoming the White Paper - expressed his concern over the its proposal to extend "equivalent" rights - including the right to buy - to tenants in "new affordable properties" built by council-backed housing companies or joint ventures. His borough planned to invest £165m in a housing company to build 700 new homes and although the Housing Minister had already been pressed on the issue pressure needed to be kept up.

Cllr John pointed out that he chaired a Construction Skills Sub-Group of the LEAP - that included off-site construction skills as part of its brief - which he hoped would be a quick and beneficial piece of work.

Cllr Sachin Shah (Labour, Harrow) cited the case of the MoD objecting to tall buildings on a site in his borough because of their proximity to a military airfield.

The Chair reported on a helpful breakfast discussion with Mr Gavin Barwell M,P the Housing Minister recently. Mayor Bullock concluded by saying that it was important that ministers understood the vital contribution of both the GLA and boroughs to this agenda. It was noted that the Minister would be addressing a London Councils event on the Housing White Paper on 20th April.

Leaders' Committee agreed to note the updates on:

- Initial activity in responding to the government's White Paper and new policy direction
- The work to explore a collaborative housing delivery vehicle among boroughs, which would return to Leaders' Committee

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

The Chief Executive introduced the item saying:

The London Councils Challenge report had been clear about the potential contribution to be made by officers across London. This paper set out a basis for strengthening the way in which the collective political leadership of London local government, via London Councils, could be best supported by contributions from the sector in London, in particular by borough chief executives. The Executive had indicated its desire for a clear and transparent process for the commissioning and accountability of chief executives.

Leaders' Committee agreed :

- to endorse the proposed process for strengthening the means by which the contribution of London local government more broadly to its collective political leadership via London Councils could best be harnessed
- that a detailed Memorandum of Understanding be developed to support this approach and establish the principles which should underpin the operation of commissioned support to London Councils by chief executives and other senior staff.

8. Minutes and summaries

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

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

Before closing the meeting the Chair pointed out that it would be the last meeting of Leaders' Committee attended by Mr Mark Boleat as the chair of the City's Policy and Resources

Committee. She thanked him for his contribution over the past five years and in particular his ability to advocate on behalf of London as a whole, not just the City. Leaders' Committee endorsed her sentiments.

Leaders' Committee agreed to remove the press and public since the items on the Exempt agenda are exempt from the Access to Information Regulations. Local Government Act 1972 Schedule 12(a) (as amended) Section 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting ended at 12:15.

- the uncertainty around the Government's future approach to 100% retention intentions;
- that a draft prospectus for a potential pool based on such information as is currently available will be circulated to Leaders and the Mayor as a basis for consideration over the summer; and
- the need, should the Government agree to continue piloting 100% retention, to be in a position to indicate in-principle support for a pan-London pilot pool by the Leaders Committee and Congress of Leaders meeting on 10th October 2017.

London Business Rates Pilot Pool 2018-19 proposal

Introduction

1. The last Government committed to local government retaining 100% of business rates by 2020 and begun piloting elements of such a scheme in 2017-18 in 6 areas, including the GLA in London.
2. The London Devolution Memorandum of Understanding, announced in the Spring Budget in March, committed to working with London “to explore options for granting London Government greater powers and flexibilities over the administration of business rates. This includes supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed”.
3. Further discussions with civil servants prior to the General Election suggested the Government was keen to explore a significantly expanded London pilot from April 2018, based on a voluntary pool, that would receive the same kind of benefits as the existing pilots in 2017-18 in Greater Manchester, Liverpool City Region, the West Midlands, West of England and Cornwall.
4. The Conservative election manifesto committed to “give local government greater control over the money they raise and address concerns about the fairness of current funding distributions”. However, the Queen’s Speech on 21st June did not include provision to re-introduce the Local Government Finance Bill that would have paved the way for full retention of business rates by 2020. At the time of writing, the Government has indicated that it remains committed to the objective of giving councils greater control over their income, but has not yet provided any clarity over whether that objective will be achieved through greater rate retention as previously envisaged, or whether it intends to continue piloting approaches to rate retention. If there is any further development, a verbal update will be given at the meeting on July 11th.
5. Pilots of the kind envisaged before the Election could be pursued without primary legislation. In the event that the Government wishes to continue to explore a potential voluntary pilot pool in London in 2018-19 in line with the Memorandum of Understanding agreed in March, London Government would need to be in a position

to agree its approach in principle at the Congress of Leaders in October, following consideration of the issues within boroughs and the GLA over the summer.

6. In the absence of clear policy direction from Government, this report does not seek to provide the basis for substantive debate or approval by Leaders on 11th July. Rather it briefly reiterates the principles for how a pilot pool could operate on a basis comparable to that of the existing pilots in Greater Manchester, the West Midlands and elsewhere, as set out in reports to Leaders Committee on March 21st and Congress Executive on 29th June. It asks Leaders to note that we will shortly circulate a “draft prospectus” to Leaders and the Mayor for consideration over the summer, in order that they can be in a position to debate options and indicate in-principle support for a pilot pool in October, should the Government renew its commitment to developing the policy of increased business rate retention.

Rationale for a pilot pool

7. Leaders’ Committee received a report following the Budget in March 2017, which set out the broad rationale and potential financial and strategic benefits of partaking in a pilot as then envisaged. In the event that such a pilot pool were available, it could bring both a financial incentive – through the early reduction of levy payments and access to 100% retained growth – and provide a limited opportunity to address some policy issues, possibly including:
 - greater flexibility around mandatory reliefs;
 - defining powers to agree “local growth zones”;
 - flexibility for the Mayor to use any new supplementary levy powers for housing purposes; and
 - transferring some central list assessments to a regional “London list”.
8. A pilot on the lines of those currently operating in other areas would not in itself address the full range of powers outlined in London’s joint business rates proposition to Government, but participating in a pilot could also enhance Government’s view of London’s willingness and capacity to take on broader devolution of fiscal and service responsibilities.
9. Existing pilot pools benefit from a “no detriment guarantee”, as a result of which it would be possible to ensure that no participating authority could be worse off than it

would otherwise be under the existing system of 50% retention. Any aggregate growth in London would then produce net financial benefits. Given that participation would be voluntary, and in recognition of the fact that all boroughs and the GLA contribute to London's overall economic success, it is further assumed that any financial gains would be distributed in such a way as to ensure that all partners receive some share of the benefit directly.

10. The basis of that distribution would be a matter for unanimous agreement amongst boroughs and the Mayor. Discussions with Leaders, both through the Executive and informally with Group Leaders, have identified four objectives that could inform the distribution of such gains:

- **incentivising growth** (by allowing those boroughs where growth occurs to keep some proportion of the additional resources retained as a result of the pool)
- **recognising the contribution of all boroughs** (through a per capita allocation)
- **recognising need** (through the needs assessment formula); and
- **facilitating collective investment** (through an investment pot designed to promote economic growth and lever additional investment funding from other sources).

11. Setting the appropriate balance and weighting within any distribution model for these four objectives would be a key question for London Government to consider.

12. It is proposed that – on the basis of current understanding and the approach adopted in existing pilots – a draft prospectus is circulated to Leaders and the Mayor. This would set out:

- the founding principles of a potential pool agreement,
- options for allocating the financial benefits; and
- governance and administrative arrangements for operating a potential pool

Interaction with the “Fair Funding” review

13. The Government previously announced that the national implementation of 100% retention will be underpinned by a “Fair Funding” review of needs, which will

recalculate councils' "funding baselines". Before the General Election, the Government intended to consult on detailed proposals during Summer 2018, for implementation in April 2019. Following the General Election, civil servants have confirmed that the Government will press ahead with this important work; however, no overall timeline for implementation has been set out.

14. Within the 100% business rates retention system as anticipated prior to the Election, the impact of that review of needs would be to redefine the funding baselines against which boroughs top-ups or tariffs are calculated. Participation in a pilot pool will not affect the outcome, or London's ability to contribute to that review in any way. As and when new needs assessments are calculated they will be used to define each borough's funding. Whether a pool continued to operate at that stage would be a matter for London Government.

15. London Councils and the GLA have been fully involved in the joint DCLG/LGA working groups supporting the business rates retention and fair funding policy developments, and will continue to seek to ensure that London's interests are reflected in the proposals that emerge.

Duration

16. Even if the Government remained committed to implementing 100% retention in full nationally, the previous deadline of 2019-20 is now unrealistic as there will be no Local Government Finance Bill within the next two years – although both piloting and significant changes to the national level of retention could potentially be achieved through secondary legislation. If the Government wishes to pursue this approach, there is, therefore, a potential opportunity for a pilot pool to run for more than one year. However, as with other existing pools, participation would be entirely voluntary and members would be given the opportunity to give notice to leave before each financial year.

Timetable

17. A 2018/19 pilot would require agreement with Government at or around the Autumn Budget – likely to be in November 2017. This, in turn, would necessitate initial agreement in principle at the meetings of the Leaders' Committee and Congress of Leaders on 10th October 2017 on the basis that each authority had been consulted

and had either previously authorised that decision to proceed with participation in the pilot, or that their authority's Leader had been given delegated authority to do so. The proposed draft prospectus – based on current understanding of the likely basis of operation of any potential pilot pool – will be circulated to Leaders and the Mayor. This will form the basis for internal consideration and discussion within each of the 34 prospective pooling authorities over the summer, in order for each Leader and the Mayor to be in a position to consider each authority's in principle position about the pool and to indicate this at the Congress of Leaders on 10th October, in the event that the Government wishes to pursue a pilot pool in London.

18. A final detailed pooling agreement would then be negotiated with DCLG, with the likely deadline being the time the Local Government Finance Report is published in February 2018. Respecting the tight timeframes for the pilot's commencement in April 2018 and the likelihood that an agreement would need to be reached with the Government in the Autumn, it is probable that further local decisions required from the 34 prospective pooling authorities relating to the legal framework to be implemented, could follow in the intervening period but all these matters would need to be resolved in a timely manner prior to April 2018 to allow for implementation.

19. Clearly, we will notify Leaders of any potential change in approach as and when the Government's intentions become clearer.

Recommendations

20. Leaders' Committee is asked to note:

- the uncertainty around the Government's future approach to 100% retention intentions;
- that a draft prospectus for a potential pool based on such information as is currently available will be circulated to Leaders and the Mayor as a basis for consideration over the summer; and
- the need, should the Government agree to continue piloting 100% retention, to be in a position to indicate in-principle support for a pan-London pilot pool by the Leaders Committee and Congress of Leaders on 10th October 2017.

Financial Implications for London Councils

None

Legal Implications for London Councils

Establishing a business rates pool in London will require each authority participating in the pool to agree to do so; and to also agree the terms upon which they will participate jointly with other members, including to appoint a lead authority as accountable body for the pool and to decide how the pool should operate. While the legal framework for the operation of the pool is yet to be determined in consultation with the authorities and the Government, should the London local authorities each resolve to delegate the exercise of their relevant functions to a joint committee, such as Leaders' Committee, this would require the Leaders' Committee governing agreement to be formally varied which requires the agreement of all 33 authorities for the variation to be effective. Experience has shown that it can take up to 18 months for 33 authorities to take their local decisions and then to negotiate and agree the terms of a formal variation to the London Councils governing agreement and to execute that document. Therefore, London Councils and its 33 member authorities will need to have regard to this in taking their own local decisions and in progressing the actions arising noting the timetable proposed for implementation of the pilot as set out in the report.

Equalities Implications for London Councils

None

Leaders' Committee

Devolution and Public Service Reform Item No 5

Report by: Doug Flight **Job title:** Head of Strategic Policy

Date: 11 July 2017

Contact Officer: Doug Flight

Telephone: 020 7934 9805 **Email:** Doug.flight@londoncouncils.gov.uk

Summary:

This paper reports on London government's work on devolution and reform – including updates in relation to:

- The Memorandum of Understanding on further devolution to London
- The Industrial Strategy
- Devolution of the Adult Education Budget and progress towards wider skills devolution
- The Work and Health Programme
- Health devolution
- Potential devolution of Criminal Justice Services

Leaders' Committee is asked to:

- Consider and comment on the progress with London government's work on devolution and reform.
 - Provide guidance on shaping the next stage of London's negotiations with Government.
-

Devolution and Public Service Reform

Introduction

1. London Borough Leaders have driven a programme of work over the last three years in pursuit of devolution and reform of public services in London, working closely in partnership with the Mayor of London and the GLA. This led to the development of the London Proposition in summer 2015, which set out practical ideas for further devolution to London in support of public service reform.
2. London government continues to build on this foundation and a further programme of joint action was taken forward following the Mayor's Devolution Summit in July 2016. London government continued then to make the case for further devolution and public service reform in London in the run up to the Autumn Statement 2016 and Spring Budget 2017. This resulted in an agreement between Government, the Mayor of London and London Councils of a Memorandum of Understanding (MoU) for further devolution to London, announced in March 2017.
3. A Member Devolution Group comprising the Mayor of London and lead members of London Councils was established in September 2016, and met twice with the Mayor of London to help progress further devolution to London. This joint work is now being taken forward under the auspices of the Congress of Leaders and Congress Executive. The Congress Executive, which has been strengthened to ensure representation from London's sub-regional partnerships, met on 29 June 2017, after this paper was drafted.
4. This paper provides an update on London government's continuing negotiations with Government in relation to the MoU and wider devolution issues, in particular the following areas:-
 - Industrial Strategy
 - Devolution of the Adult Education Budget and progress towards wider skills devolution
 - Work and Health Programme
 - Health devolution
 - Devolution of the criminal justice service

Memorandum of Understanding on Further Devolution to London

5. The MoU, published at the time of the Spring Budget in March 2017, provides a platform for work by the Government, the GLA and London Councils to bring forward devolution of additional powers, freedoms and flexibilities for London government. The key themes for further devolution to London agreed in the MoU are highlighted below:-

Development and Funding Infrastructure

6. The establishment of a joint taskforce bringing together the GLA, TfL, London Councils, and Government to explore the options for piloting a Development Rights Auction Model (DRAM) on a major infrastructure project in London.

Business Rates

7. Exploration of options for greater powers for London over the administration of business rates, including voluntary pooling of business rates funds as well as flexibility for London to retain a higher share of locally raised business rates – providing appropriate governance structures are put in place.
8. A separate report providing an update on business rates devolution appears on today's agenda.

Transport

9. This includes additional funding for local authorities to tackle urban congestion and devolution of responsibility for funding Transport for London's investment grant to the GLA from April 2017 (this was previously used for improvements to relieve congestion and improve reliability on key routes in London).
10. In addition to the MoU, the Mayor of London has reiterated his ambitions for suburban rail services to be devolved to TfL, creating a London suburban metro, in his recent Transport Strategy. London boroughs will be required to draft their Local Implementation Plans during 2018, demonstrating how they will achieve the aims of the Transport Strategy locally.

Skills & Employment

11. This includes existing commitments around devolving the Adult Education Budget (AEB) to London from 2019/20; joint work to encourage employers to take advantage of opportunities offered by the devolved apprenticeship levy; and exploration of options for greater influence over local employment services. There will also be a review of levels of integration between employment services provided by central and local government in London.

12. The progress towards achieving devolution of the AEB by 2019/20 and details of further lobbying for wider skills devolution, including replacement funding for European Structural and Investment Funds, are provided in a separate Skills section below.

Health

13. The Government have now committed to a second Memorandum of Understanding with London partners to support London's future plans for supporting a more place-based, integrated health and social care system and strategic estates reform. Details of progress towards this agreement are provided in a separate section below.

Criminal Justice

14. A MoU between the Ministry of Justice (MoJ), GLA, Mayor's Office for Policing and Crime (MOPAC) and London Councils to support the process for collaborative working towards improving the quality of criminal justice service delivery across London was due to be agreed by June 2017. This timeline has now been extended to later in the year due to the General Election. Details of progress towards this agreement are provided in a separate criminal justice section below.

Industrial Strategy

15. London Councils and the GLA both made responses to the Government's Industrial Strategy Green Paper, shortly before the General Election was announced. Both responses made the case for further and wider devolution and a place-based strategy that would benefit both the Capital and the UK as a whole. Given the Government's commitment in the Queen's Speech to create a modern industrial strategy, there are likely to be further opportunities for London Councils to work in partnership with the Mayor of London as the Strategy develops. This work could include the consideration of a London local industrial strategy that might make the case for inclusive growth in the Capital, and the powers and responsibilities that London boroughs will need to achieve this growth.

Skills Devolution

16. London government is continuing to make the case for skills devolution, based on the failure of the national system to be responsive to employer demand and its failure to

provide inclusive opportunities for all learners and businesses in London. The process of leaving the EU is expected to provide a series of challenges and opportunities that support the case for a more agile and responsive skills system in London. EU nationals play an important role in many of the capital's key sectors such as construction, the NHS, and financial services. London's skills system will need to improve the skills of 'home grown' talent to avoid skills gaps and a negative impact on the economy.

17. As part of the Spring Budget MoU on devolution to London, the Government reiterated its commitment to devolving the Adult Education Budget (AEB) to London by 2019/20, subject to a series of readiness conditions. Progress in concluding a devolution deal between Government, the Mayor of London and London boroughs has been slow, due to a lack of clarity about the readiness conditions and their associated risks, as well as a lack of clarity about the policy freedoms that London government would have, to allow practical changes to the way the AEB operates in London.
18. AEB funding will be routed through the Mayor of London in the first instance, however, London Councils and the Mayor have agreed that the GLA will work with boroughs (working through London Councils and sub-regional partnerships) to prepare for and deliver skills devolution. This will be underlined by a principle of joint governance to ensure that the boroughs and sub-regions have the opportunity to influence and inform transition planning, strategy development and delivery of a devolved skills system. A report on the governance arrangements and principles for joint working with the GLA on AEB devolution were considered by the Congress Executive on 29 June 2017 and these are attached at Appendix 1. Formal discussions around governance are expected to commence in November 2017, with a view to reaching a conclusion in March 2018.
19. In order to prepare for devolution of the AEB by 2019/20, the GLA is working with boroughs and other partners to develop a London Skills Strategy and Skills Funding Statement for the AEB in London to be in place by March 2018, as well as a Commissioning Strategy for the AEB by May 2018. The Mayor has also established the Skills for Londoners Taskforce¹ to advise the GLA on the Skills Strategy and the delivery of the Mayor's manifesto commitments on the role of skills in London's economic development.

¹ Cllr Peter John represents London Councils on the Skills for Londoners Taskforce

20. It will be important that sub-regional perspectives and priorities are effectively represented during the development of the model for devolved AEB funding. The skills strategies, mentioned above, will frame the future operation of the model and sub-regions can play a significant role at this critical point, working with local employers, to help shape a skills devolution model that is responsive to local and sub-regional needs. London Councils is liaising with Sub Regional Partnership Directors to help facilitate this engagement. Each sub-region is developing a skills narrative to feed into the London Skills Strategy and establishing a sub-regional Skills and Employment Board.
21. In addition, further work is being undertaken on the provision of Adult and Community Learning (ACL) in London, taking forward some of the recommendations of the review of these services last year. ACL services are largely commissioned or delivered by London boroughs, alongside Institutes of Adult Learning (IALs). London Councils is working with the GLA, boroughs and sub-regions to develop a commissioning approach for ACL services that measures their impact, to prepare for a devolved system. Sub-regional partnerships are leading work locally to consider if efficiencies and improvements can be achieved through greater co-ordination of service delivery. All of this work should conclude by November 2017 and feed into the development of the different skills strategies. Leaders will be consulted on draft proposals.
22. Over and above the work on AEB devolution, London government is continuing to make the case for devolution of 16-18 provision; career support and advice; London's share of the apprenticeship levy; and resources to replace the European Social Fund (ESF). Several of the newly elected Metro Mayors argued for devolution in these areas and there may be opportunities for aligning approaches to Government.

Work and Health Programme

23. The devolved Work and Health Programme (WHP) will provide employment support for Jobseekers Allowance (JSA) or Employment and Support claimants who have long term health conditions or are disabled, as well as JSA claimants who have been unemployed for one year or more. London's sub-regions will receive devolved funding from the Department for Work and Pensions (DWP) worth up to £70m over five years. This is being match-funded by an additional £65m from the ESF, to support the 50-

55,000 long term unemployed, disabled people and people with health conditions in London to seek employment.

24. The procurement of the Programme is currently live, with each sub-region having selected a shortlist of at least five potential suppliers for each sub-regional Contract Package Area (CPA). There will be a process of evaluation and dialogue with suppliers throughout the summer. The successful bidders in each CPA will be announced in autumn 2017. The London WHP will launch in spring 2018. Looking beyond the procurement process, key challenges include considering how the WHP can integrate, enhance and align with existing borough services, and what local authorities can do to ensure that the programme receives sufficient levels of referrals.
25. The sub-regional partnerships are playing a critical role in the delivery of the London Work and Health Programme and are likely to face an intense period of preparatory work in the run up to delivery of the programme. Success in commissioning and delivering this innovative programme will provide valuable evidence to help the case for further devolution of other responsibilities to London.

Health Devolution

26. As reported to Leaders' Committee in February 2017, work has been progressing with the Department of Health, Treasury, CLG, DWP and NHS England officials, under the umbrella of the collaboration agreement made with the Government in December 2015.
27. Members will be aware that the partners have been working towards a health devolution MoU to facilitate next steps. This would be buttressed by individual agreements with the pilot areas – involving a number of member councils. It is envisaged that the MoU will be an enabling document, allowing local areas to opt-in to detailed devolution proposals that build on learning from the London pilots. The pilots have led to detailed propositions around:
 - i. Integration – Requires changes to regulation, payment systems and workforce for it to be effective.
 - ii. Capital and Estates – Reinvestment of capital receipts.
 - iii. Prevention – Including potential legislative routes to support behaviour change.

28. Leaders' Committee agreed a process for signing-off the MoU at its December 2016 meeting. Following discussions during early 2017 – involving London Councils' Chair, Health Board members and health portfolio-holder Cllr Kevin Davis – a number of proposed changes were put to London partners, with a view to ensuring the MoU meets boroughs' needs and aspirations. Negotiations were subsequently delayed through the General Election period. The Mayor of London and Chair of London Councils recently sent a joint letter to Secretary of State for Health expressing disappointment that it had not been possible to agree the MoU before the election and seeking to unlock progress in the near future.

29. Over and above the formal Health MoU, there are a number of opportunities for boroughs to explore and develop better models of integration between health and social care. As previously discussed at Leaders' Committee, it will be important for a borough perspective to be included within discussions on the future shape of the local health economy – on behalf of residents. This work will have an important influence on boroughs ability to ensure that new any powers resulting from a MoU support change towards locally defined visions of future health and care provision.

Criminal Justice Devolution

30. The March 2017 MoU on further devolution to London included a commitment to joint work to:

- *Develop a shared view of the benefits and better outcomes in London that could be delivered by the devolution of criminal justice services; and*
- *Identify the criminal justice services that can best be delivered locally to complement, enhance and support national reform programmes, in line with national frameworks and standards.*

31. London Councils will continue to engage in discussions with MOPAC, MoJ, and other partner organisations to explore the potential for a bespoke MoU on criminal justice devolution:

- It is envisaged that the MoU would set out a framework to improve services for young, female and adult offenders, victims and witnesses, and to reduce reoffending in London.

- Potential areas for devolution include increased responsibility for London over community rehabilitation contracts (probation), offender management, and witness services, as well as greater local flexibility to drive investment in prevention and rehabilitation services.

Conclusion

32. The MoU on further devolution to London announced in the Spring Budget 2017 was a significant development which continues to provide a promising platform for further joint work.

33. Following the General Election, it will be important for London government to maintain the momentum of the devolution negotiations with the aim of securing further progress in the areas highlighted in the MoU. London local government will also want to be prepared for new opportunities to secure devolution that may emerge in the period ahead, for example through the development of the Industrial Strategy and other areas of public service reform. This will require an agile approach at borough, sub-regional and pan-London levels

34. The discussion under this agenda item will provide Leaders' Committee with the opportunity to:

- Consider and comment on the progress made to date on in advancing London Government's joint work on devolution and public reform.
- Provide guidance on shaping the next stage of London's negotiations with Government.

Background Papers

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

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

However, core elements of the propositions are targeted at improving outcomes for groups of people with protected characteristics, notably improving employment outcomes for disabled people.

Devolved Skills System in London – Principles for Joint Working between the GLA and London's sub-regional partnerships

City Hall and the London boroughs are committed to working together – through London Councils and the sub-regional partnerships - to prepare for and deliver skills devolution.

This includes committing to a series of principles for joint working, building on those currently established including through the approach to the London Area Review earlier last year.

Recognising that there is still a lot of uncertainty about the exact nature of the Adult Education Budget (AEB) devolution deal on offer from government, the GLA and London's boroughs have agreed to work together to secure the best outcomes for London as a whole through:

- **Governance and influence:** we agree to the principle of joint governance over a devolved skills system, whilst recognising that the exact form of this governance can only be agreed once the roles, functions and responsibilities to be transferred by government to the Mayor are clear. In the meantime, the Deputy Mayor and Sub-Regional Lead Members for skills will meet collectively on a regular basis to ensure that London's sub-regions have the opportunity to influence and inform transition planning, strategy development and delivery of a devolved skills system.
- **Joint early strategic input** at political and officer level to the London Skills Strategy, Adult Education Budget Funding Policy Statement and Adult Education Budget Commissioning Strategy will ensure that both regional and sub-regional needs and priorities are effectively represented in these strategies.
- **Employer engagement:** the GLA and the sub-regional partnerships will ensure that employers are engaged at all levels across London, to develop a granular understanding of their needs and ensure that skills provision under a devolved system is responsive to those needs.
- **Monitoring provider performance:** we agree that the GLA and sub-regional partnerships will each have a role in monitoring provider performance. We will work together to determine our respective roles in provider performance management to ensure that both regional and sub-regional priorities are being met. It is expected that these monitoring mechanisms will, in future, inform the commissioning of a devolved skills system.
- **Skills for Londoners capital funding:** will in future be informed by the London Skills Strategy and therefore need to align with regional, sub-regional and local skills and economic development priorities. A Skills for Londoners Capital Fund sub-group is being set up to provide a strategic steer on the programme and proposals. London Councils will provide representation on this group on behalf of London's boroughs and sub-regional partnerships.

As more details emerge from government about the specifics of the proposed AEB devolution deal, including the readiness conditions, the detail of the statutory responsibilities, functions and powers that will transfer from the Secretary of State to the Mayor and those that will continue to be held by government, we are committed to formulating joint governance arrangements and formalising principles for joint working through a Memorandum of Understanding.

Leaders' Committee

School funding update

Item no: 6

Report by:	Caroline Dawes	Job title:	Head of Children's Services
Date:	11 July 2017		
Contact Officer:	Caroline Dawes		
Telephone:	020 7934 9793	Email:	Caroline.dawes@londoncouncils.gov.uk

Summary

This report outlines recent government announcements on school funding, including the pledges made in the Conservative manifesto and Queen's speech. It sets out our own analysis of the cost pressures facing London's schools (at Appendix 1) and proposes a set of actions for London Councils' campaigning in this area to take forward.

Recommendations

Leaders' Committee is asked to:

- Consider the implications of funding shortfalls to school budgets across London
- Support the proposed activity set out in paragraphs 20-22 for London Councils to take forward

School funding update

National Funding Formula (NFF)

1. The 2015 Conservative Party manifesto outlined a plan to protect schools funding, which would rise as pupil numbers increase, and also introduce fairer schools funding.
2. The first consultation on introducing the NFF, which was published in March 2016, proposed a model based on redistribution which meant that many London schools could lose a significant amount of funding as a result of the new formula being introduced. This consultation did not include any modelling of how the new formula could impact on schools. London Councils, therefore, undertook its own analysis which revealed that London's schools could lose £245m per year through the introduction of the NFF based without any protection.
3. London Councils submitted a response to the government's first consultation opposing any redistribution of the existing pot, instead calling on the government to find new money to ensure they could introduce the NFF without any school losing funding.
4. The government published the second stage of its consultation on the NFF in December 2016. This consultation presented a policy shift in terms of the proposed formula. The key changes to proposals set out in this consultation, following on from the first version are:
 - Capping overall funding reductions by 3% for every local authority area
 - Additional funding of £200m per annum in each of 2018/19 and 2019/20
 - Mobility will be used as a factor in the formula

These changes mean that London's schools face less of a reduction in funding than originally anticipated. London Councils estimates that London's schools will collectively lose £19m per year through the introduction of the NFF along these lines.

5. Following the discussion at London Councils' Leaders' Committee on 7 February 2017, London Councils submitted a consultation response on the NFF. The response recognised that the Department for Education has made a considerable shift in the way it plans to introduce the NFF since its last consultation.

6. However, London Councils raised significant concerns in its consultation response about the impact that funding cuts will have on the 70% of London schools still facing reductions to their budgets as a result of the NFF.
7. In addition to this cost pressure, schools have received a flat-cash funding settlement since 2010. Schools now face a number of additional unfunded costs, estimated by the NAO¹ to be equivalent to an 8% reduction in school budgets by 2020. Across the country schools are already coping with constrained budgets. Combining these cost pressures with the predicted cuts arising from the introduction of the NFF, we estimate that collectively London's schools will lose £360 million in 2018/19. Given this funding context, London Councils has serious concerns, which were highlighted in our consultation response, about the ability of London's schools to cope with such significant budgetary reductions without it impacting on their ability to deliver a high quality education.
8. To highlight the shortfall in funding facing London's schools, and the particular funding threat arising from the NFF as set out in our consultation response, London Councils has delivered an extensive media and public affairs campaign. This campaign has included mentions in: Times Educational Supplement; the Financial Times; the Guardian; the Evening Standard, as well as on BBC One, Radio 4 and Channel 4 news. London Councils organised a meeting for London MPs to discuss the impact of proposed budget cuts on London schools including with a panel of expert speakers from the education and business sectors. London Councils sent a joint letter with Core Cities UK to the Education Secretary urging the government to invest to ensure the introduction of the NFF does not result in funding cuts to individual schools.
9. After these two public consultations, we are now waiting for a response from the government on the final shape the formula will take. The formula is currently still expected to be introduced from April 2018. This means that the government consultation response is likely to be published in the summer to allow schools enough time to plan their budgets for next year. However, given the uncertainty following the general election it is not yet clear what the government's intentions are with the NFF and more general school funding commitments.

¹ *Financial Sustainability of Schools*, National Audit Office, December 2016

Talking Heads research

10. To better understand the challenges facing London's schools, particularly around funding, London Councils commissioned TES, The Education Company and Shift Learning to undertake quantitative and qualitative research with approximately 400 school leaders. This research was published as *Talking Heads: The Views of London's School Leaders on future challenges* on Monday 26th June 2017.
11. The research highlights how much London head teachers are already grappling with funding shortfalls and have very real concerns that these pressures will damage the quality of education schools can provide in the long term. 70 per cent of London school leaders who responded to the survey have already experienced budget cuts, 10 per cent more than those in the rest of England. 91 per cent are expecting their school budget to decrease over the next two years.
12. The Talking Heads report lays bare the negative impact of insufficient funding on teacher and teaching assistant numbers, curriculum options, learning resources such as IT equipment and textbooks, and the upkeep of school buildings. More than 80 per cent of head teachers believe that the quality of their school's environment will be harmed by further cuts and more than 70 per cent feel that pupil outcomes will be negatively affected.
13. London Councils plans to use this research to lend weight to its campaigning efforts on school funding going forward, as well as wider policy work on education.

Manifesto commitments and Queen's Speech

14. The government announced in its election manifesto, published in May 2017 that it plans to introduce the new National Funding Formula (NFF) with a commitment to ensuring that no school is worse off as a result.
15. In addition, the government has pledged to increase the schools budget by

£4 billion by 2022 in order to protect the schools budget in real terms. This amounts to an increase in the annual school budget by £1bn, on top of existing spending plans.

16. The government's increase in investment set out in its manifesto is being funded through scrapping the universal free school meals programme for children in the first three years of primary school (£650m), better systems management for the student loans companies (£200m), departmental efficiencies (£160m) and the soft drinks levy (£10m).
17. In the Queen's Speech on 21 June 2017 it was confirmed that the government would continue to work to ensure that all schools are fairly funded. The briefing note accompanying the Speech stated that the government will:
 - Deliver on their manifesto commitment to make funding fairer
 - Further increase the schools budget
 - Protect the Pupil Premium
18. The specific funding commitments outlined in the manifesto are not included in the speech or the briefing note. The manifesto pledge to scrap universal free school meals for children up to the age of seven has been dropped, which means that the government would need to find a new source of funding to make the investment in education promised in the manifesto.

London Councils' analysis of the cost pressures facing schools

19. This additional funding will be welcome to cash-strapped schools but it does not fully protect their budgets in real terms. In England, our modelling estimates that the total cost pressures on schools will be around £5.6 billion between 2017/18 and 2021/22. The Conservative manifesto pledges £4 billion of additional funding over the same period, which would leave a shortfall of around £1.6 billion (4.2%). The equivalent funding gap in London would be £300 million over the same period (4.3%). Our modelling factors in pupil growth, other cost pressures, reductions to the Education Services Grant and the cost of protecting all schools against losses from the NFF (estimated to be £335 million). An explanatory note setting out the detail of our modelling is appended.

Next steps

20. It is proposed that London Councils continues to lobby government on school funding, focusing on lobbying for £5.6 billion to be invested in the schools' budget to address the wider cost pressures facing schools rather than the specific impact of the National Funding Formula. The government has already committed £4 billion in its manifesto; it will be important to press the case for greater investment to address the full range of cost pressures facing schools over the next four years (as set out in the explanatory note in appendix 1).
21. The Queen's Speech noted that the Government would reflect on investment in public services, including schools, at future fiscal events. London Councils will continue to lobby government to ensure that the manifesto commitments on school funding are delivered and intends to use the Autumn Budget as an opportunity to lobby the government for increased investment in schools.
22. London Councils will analyse the government's consultation response on the introduction of the National Funding Formula as well as any announcements on wider school spending plans in detail when they are published later this year. It will ensure that the government delivers on its manifesto commitment to protect all schools from a funding cut as a result of the introduction of the NFF as well as increased investment in school budgets. Further updates will be provided on these developments to Leaders' Committee.
23. London Councils will be holding an education conference for key senior officers and lead members for education on 13th July 2017. The event will provide a forum to discuss challenges facing the school system at present, including funding pressures, and explore opportunities to help mitigate their impact on school standards across the capital.

Recommendations

24. Leaders' Committee is asked to:

- Consider the implications of funding shortfalls to school budgets across London
- Support the proposed activity set out in paragraphs 20-22 for London Councils to take forward

Financial Implications for London Councils

25. None

Legal Implications for London Councils

26. None

Equalities Implications for London Councils

27. None

Appendix 1: Explanatory note for London Councils' modelling of cost pressures facing schools between 2017/18 and 2021/22

Appendix 1:

Explanatory note for London Councils' modelling of cost pressures facing schools between 2017/18 and 2021/22

Summary

London Councils has produced a model to estimate the potential cost pressures facing schools in England and London over the next parliament (2017/18 to 2021/22). The model factors in pupil growth, other school-specific cost pressures, reductions to the Education Services Grant (ESG) and the impact of the proposed national funding formula (NFF).

A significant number of assumptions are necessary to build a tractable model, especially beyond 2019/20. The findings are most sensitive to assumptions around pupil growth and school-specific cost pressures, which collectively account for 93% of the overall cost pressure in the final result.

Main findings

- Estimated cost pressures total £5.6 billion for schools in England between 2017/18 and 2021/22, including around £1.2 billion of cost pressures in London
- Based on the government's manifesto commitment to £4 billion of additional funding for the "overall schools budget", this leaves an England shortfall of £1.6 billion (4.2% of the current school budget)
- The London shortfall over the same period totals around £300 million (4.3%), based on additional assumptions to forecast London's share of the schools budget by 2021/22,
- From a 2015/16 base instead, the funding gap would total £4.4 billion between 2015/16 and 2021/22

Methodology

Four cost pressures are built into the model:

1. Pupil growth

All local authorities submit forecasts of pupil numbers to DfE each year, which are published as part of the annual school capacity survey (SCAP) and used to allocate the main school capital budget². These forecasts are built into the model with the following assumptions:

- Full SCAP pupil forecasts do not go beyond 2020/21, so growth in 2021/22 is assumed to follow the historic trend of decelerating growth (*table 1*)

<i>Table 1</i>	2015/1 6	2016/1 7	2017/1 8	2018/1 9	2019/2 0	2020/2 1	2021/2 2
Annual growth		2.6%	2.3%	2.1%	1.7%	1.4%	1.2%

² 2015-16 school capacity survey, underlying data ([DfE](#))

- Pupils in Y12 and Y13 are removed from the original SCAP data because sixth forms are funded separately
- The model uses growth in *total* pupil numbers. This potentially under-estimates the shortfall because it does not factor in the cost implications of higher relative growth at secondary level

2. Cost pressures

The National Audit Office's *Financial Sustainability of Schools* report outlines the cumulative per-pupil cost pressures facing schools in every year between 2015/16 and 2019/20.³

Their estimates are based on DfE's own internal assessment of school cost pressures covering national insurance and pension contribution reforms; annual pay awards and salary increases; the apprenticeship levy; and inflationary pressures on non-staff spending.

It is necessary to make assumptions about cost pressures beyond 2019/20 in the model. Since cost pressures in 2016/17 are exceptionally high⁴, the model assumes that cost pressures beyond 2019/20 are an average of cost pressures between 2017/18 and 2019/20 (table 2).

Table 2	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	6	7	8	9	0	1	2
Cumulative cost pressures		3.1%	4.6%	6.3%	8.0%	9.7%	11.4%
Annual growth implied		3.1%	1.5%	1.6%	1.6%	1.6%	1.6%

3. Education Services Grant

The NAO does not factor in reductions to the Education Services Grant (ESG) and the subsequent rolling-in of ESG into the schools block. ESG is now largely a historic cost pressure because the effective cut from £563 million in 2015/16 to £282 million in 2017/18⁵ has now been implemented. For future pressures on ESG, the model uses general inflation (CPI) and pupil growth, but this pressure has a minimal impact on the overall shortfall between 2017/18 and 2021/22.

For estimating cost pressures since 2015/16, the model only factors in the impact on maintained schools, which is likely to under-estimate the true impact. Conversely, the model assumes that all ESG pressures are passed on directly or indirectly to schools; this may over-estimate the impact if local authorities are able to make efficiencies or fund the budget gap from general funds.

4. National funding formula

The government has committed to protect all schools from any cash reduction as a result of the national funding formula. Previous London Councils analysis suggests that this would cost around £335 million in England.

³ [Financial Sustainability of Schools](#), National Audit Office

⁴ Likely to be due to the timing of NI / pension contribution reforms

⁵ Factoring in ESG transition grant, school improvement grant and retained duties ESG rolled-in to the schools block

The model effectively applies protection from the NFF first and, once schools reach their formula allocation, then applies real-terms protections. This means that “gainers” from the formula would receive slightly more than real-terms protection – i.e. real-terms protection is applied against the funding schools ought to receive under the funding formula, rather than current budgets. Without this assumption, any schools that lose funding under the NFF would not be protected in real, per-pupil terms.

Calculating the shortfall

The Conservative manifesto committed to £4 billion of additional funding for the “overall schools budget by 2022”. In the model, the overall schools budget is defined as the schools block and high needs block of the Dedicated Schools Grant (DSG).

If pressure on the high needs block is greater than on the schools block, cost pressures will be higher than the model suggests. In addition, the pupil premium and early years block are not included.

For England, the overall £1.6 billion shortfall is calculated by comparing the £5.6 billion of cost pressures against the £4 billion of additional funding announced.

To calculate a London shortfall, it is necessary to forecast the share of the overall schools budget that London will receive in 2021/22, requiring additional assumptions.

First, the London model takes the forecast proportion of pupils educated in London in 2021/22 (from SCAP). Next, it applies the current per-pupil “premium” that London receives in comparison to the England average. Finally, it assumes that London will receive its current share of the much smaller high needs block (since high needs pupil forecasts are not available) and applies the result to the England total.

The model shows a marginally higher cost pressure for London than England between 2017/18 and 2021/22 – this could be due to the relatively high share of funding needed to protect against the NFF or higher pupil growth.

Institute for Fiscal Studies⁶

The Institute for Fiscal Studies have completed similar analysis based on “expected inflation and student numbers”. The full methodology has not been published, but the IFS estimate a 2.8% real-terms fall between 2017/18 and 2021/22 under current plans. Our model estimates a 4.2% shortfall, but this reduces to 3.3% once ESG and the NFF are excluded to reach a more comparable figure.

⁶ <https://www.ifs.org.uk/publications/9252>

Leaders' Committee

Summaries and Minutes

Item no: 8

Report by: Derek Gadd **Job title:** Head of Governance
Date: 11th July 2017
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary Summaries of the minutes of London Councils

Recommendations Leader's Committee is recommended to note the attached minutes:

- Grants Committee – 8 February 2017
- YPES – 23rd February 2017
- Audit – 23 March 2017
- TEC – 23 March 2017
- Pensions – 12 April 2017
- TEC – 15 June 2017
- Executive – 20 June 2017

LONDON COUNCILS GRANTS COMMITTEE
8 February 2017

Minutes of the Grants Committee held at London Councils, 59½ Southwark Street, London SE1 0AL on Wednesday 8 February 2017

London Borough & Royal Borough:

Bexley
Brent
Bromley
Camden
Ealing
Greenwich
Hammersmith & Fulham
Haringey
Harrow
Havering
Hounslow
Islington
Kensington & Chelsea
Kingston Upon Thames
Lambeth
Lewisham
Merton
Newham
Redbridge
Southwark
Sutton
Waltham Forest
Wandsworth
Westminster

Representative:

Don Massey
Margaret McLennan
Stephen Carr
Jonathan Simpson
Ranjit Dheer
Denise Scott-McDonald
Sue Fennimore
Eugene Ayisi
Kiran Ramchandani (substitute)
Melvin Wallace
Richard Foote
Kaya Comer-Schwartz
Gerard Hargreaves
Julie Pickering
Paul McGlone
Joan Millbank
Edith Macauley
Forhad Hussain
Bob Littlewood
Barrie Hargrove
Simon Wales
Liaquat Ali
James Madden OBE
David Harvey (substitute)

London Councils officers were in attendance.

1. Apologies for Absence

- 1.1 Apologies were received from Cllrs Alison Gowman (City of London), Hamida Ali (Croydon), Yasemin Brett (Enfield), Sue Anderson (Harrow), Meena Bond (Richmond) and Antonia Cox (Westminster).

2. Declarations of Interest

- 2.1 There were two declarations of interest: Cllr Joan Millbank (Lewisham) as an employee of City Bridge Trust and Kiran Ramchandani (Harrow) as UK Community Foundations.

3. Minutes of the Grants Committee held on 23rd November 2016

- 3.1 The Minutes of the meeting were agreed as an accurate record of the meeting.

4. Grants Programme 2017-21: Recommendations

- 4.1 The Chair introduced the item, confirming its importance and informing the Committee that the programme had been the subject of a year long review which had concluded in December 2016. The Chair added that it had been agreed that a programme would be

going forward which focused on three priorities and did not have a priority solely focused on capacity building. However, there was capacity building in Priorities 1 and 2 to support the objectives of supporting the sector. He acknowledged the work of City Bridge Trust and the close alignment in the programme between homelessness and employment, and of the relationship between inner and outer London, both of which had been concerns for the Committee.

- 4.2 The Chair drew attention to the maps, which again had been a specific need expressed by the Committee, and which allowed providers to be held to account for schemes operating for the benefit of people from individual boroughs.
- 4.3 Thanks were extended to Cllr Sarah Hayward who, as Equalities portfolio holder had advised on equalities considerations in the report, principally section 6 (Equalities) on page 23 of the paper.
- 4.4 The Chair invited Katy Makepeace-Gray, Principal Programme Manager, to outline the first section of the report and to receive questions from the Committee: this part of the report included the background to the grants review, value for money considerations and the linking of Priority 1 homelessness projects with Priority 2 sexual and domestic violence; it also included details of the assessment and moderation process, leading to Table 1, a list of applications recommended for funding, and Table 2, a list of those applications not recommended.
- 4.5 Cllr Pickering asked about whether it was possible to develop a greater understanding of inner and outer London delivery within the scoring process and to tease out the differences when reviewing the framework? The Principal Programme Manager confirmed that columns 2 and 3 in the service area maps gave more specific information about targets for each borough which were agreed in the service specifications and the anticipated delivery as outlined in the applications. There would be capacity to review those targets during the life of the programme. Ability to deliver to different parts of London and fit with local services were part of the application scoring framework. Simon Courage, Head of Grants and Community Services, mentioned that this was the first time that targets by borough had been delivered, but that there would also be the opportunity to review the framework later in the programme.
- 4.6 Cllr Millbank asked, in relation to section 7.7 of the report, whether the scoring by 'officers' related to internal staff only and whether all boroughs had been involved? The Principal Programme Manager confirmed that the scoring was carried out by one internal member of staff and one person from the boroughs, and that some boroughs had been more involved than others. It was agreed that London Councils would provide a list of external staff involved in scoring to members of the Committee.
- 4.7 Cllr Littlewood felt that the voluntary sector should be more involved in the assessment process via the boroughs, to achieve a more joined up approach. The Chair acknowledged this and the need for a systematic approach to the issue, but commented that practically London Councils Grants team were small in number. Cllr Hussain also commented that providers could undertake to work with borough officers when confirmed via the commissioning process.
- 4.8 While Cllr Dheer was pleased to see the progress made in the production of the borough maps he felt that the inclusion of the London Voluntary Service Council in the assessment process could be useful.
- 4.9 Cllr Scott-McDonald was concerned that there had been a number of changes of staff within teams in Greenwich and the impact this would have had on contact with London

Councils. The Head of Grants and Community Services confirmed that London Councils now had a good working relationship with the present grants contact in that borough.

- 4.10 The Chair asked the Principal Programme Manager to inform the Committee about the single received Right to Reply against being funded, from Women in Prison. The Committee were informed that although the organisation had in their response mentioned the specialist service provided, it was pointed out that St Mungos also offered a relationship with prisons. After reviewing WiP's response Officers were not minded to change their recommendation.
- 4.11 Cllr Hargreaves asked about the impact on delivery for organisations proposed for funding that were not being recommended at a level of funding that matched the level requested. The Principal Programme Manager confirmed that the organisation would have to submit revised work plans, outcomes and budgets to reflect this (if the bids were approved).Cllr Hargreaves also asked on what basis the recommendation was made not to award the amount requested to particular applications such as SignHealth. The Principal Programme Manager confirmed that there were more high quality applications than budget available and that recommendations were based on addressing the different elements of the service specifications and within the budget envelope.
- 4.12 Cllr Millbank asked about the decision to fund the Women's Resource Centre but not Southall Community Alliance, even though the latter scored higher, and whether the former had the right to challenge. The Principal Programme Manager confirmed that scoring was carried out within the specification and WRC was the only applicant in that area. In terms of appeal, it was confirmed that the Right to Reply was offered to all organisations that were not recommended for funding, although only Women in Prison exercised that right.
- 4.13 In response to a question from Cllr Simpson regarding the lack of inclusion of no recourse to public funds and homelessness, the Principal Programme Manager pointed out the inclusion of Shelter in the bids (page 34 of the report) and the Ashiana Network, and that targets within the 2.4 priority would reflect specialist homeless needs including those with no recourse to public funds. Cllr Simpson felt that as rough sleeping predominantly affected single men, this should be looked at. It was agreed that London Councils would reflect this issue in one of the forthcoming 'themed' reports.
- 4.14 Cllr Hargrove welcomed the equality monitoring aspects of the programme, but asked how any failures to meet Equality Act duties would be reported back to Members. The Chair confirmed that detailed delivery reporting would be made back to members from the November 2017 meeting.
- 4.15 It was noted by Cllr Pickering that some of the organisations' outcome indicators were better defined than others, and asked whether there were any lessons to be learned from some of the clearer bids? The Head of Grants and Community Services commented that for some services outcomes were easier to define than others, but it was hoped that organisations finding it more difficult to clearly articulate outcomes could learn from the best.
- 4.16 The Chair moved to seek approval for the recommendations in the report, and while Councillor Carr pointed out that any approval would be subject to delivery and performance, the Chair confirmed that the Committee would hold commissioned organisations to account in accord with its Commissioning Performance Management policy and procedures, discussed elsewhere on the agenda. Therefore the Committee:
- Noted London Councils response to the issues raised during the Grants Review (1)
 - Noted the approach to embedding equalities throughout the process and the programme (2)

- Agreed the recommendations in Table 1 relating to Priority 1 and the recommended funding for the period 1 April 2017 – 31 March 2021 at an annual level of £2,472,427 and an indicative level of £9,889,711 over four years (3)
- Agreed the recommendations in Table 1 relating to Priority 2 and the recommended funding for the period 1 April 2017 – 31 March 2021 at an annual level of £3,700,705 and an indicative level of £14,802,821 over four years (4)
- Noted the reasons for not recommending funding to applications set out in Table 2 of the report (5)

4.17 The Chair formally thanked the Grants team and London Councils staff involved in the programme for a high quality set of recommendations. This thanks was echoed by the whole Committee.

5. Commissioning Performance Management Review

- 5.1 Cllr Hussain introduced the report, a version of which had been reported to members at the previous meeting. Comments from that meeting and discussions with London Boroughs had now been incorporated to provide a framework where commissioned projects can be effectively managed from their inception. The Head of Grants and Services added that the review focused on outcomes as part of an overall value for money approach, and confirmed that the approach was to performance manage rather than monitor projects. The emphasis would be on those projects deemed high risk, and the use of a triangulation approach involving boroughs and the involvement of providers to ensure that projects issues are quickly highlighted.
- 5.2 Cllr Hargreaves commented that case studies provided tended to be successful ones, and that on occasion it would be good to see studies where there have been problems and lessons learnt.
- 5.3 In response to a question from Cllr Pickering about how it was confirmed whether organisations were ‘not for profit’ within the due diligence process and whether there were resources to do this, the Principal Programme Manager confirmed that accounts were examined to check that any surpluses made were ploughed back into services.
- 5.4 Cllr Millbank agreed that case studies were important as circumstances within organisations were liable to change and it was therefore good to have a mix of information – it was also helpful to understand where things have not worked well.
- 5.5 Cllr Comer-Schwartz asked that the language relating to closing projects should be softened to reflect the fact that these commissions will be working with very vulnerable people. The Councillor’s experience in Islington was to use terms like ‘feasibility’ and ‘signposting’ rather than ‘closing down.’ London Councils agreed to review the language here.
- 5.6 The Chair raised the possibility of asking providers to provide short 20/30 minute presentations to the Committee, which was agreed as a good idea. The possibility of carrying out visits to organisations was also raised. Again while this was agreed to be a good idea there was concern that larger organisations with more resources for such visits would manage whilst smaller organisations might be daunted by such a prospect.
- 5.7 The Committee noted the report and agreed to adopt the Commissioning Performance Management Framework.

6. Leadership in the Third Sector

- 6.1 The Chair introduced the report, confirming that the money budgeted to work with City Bridge Trust had already been agreed by the Committee, and the aim of this paper was

to consider the draft Terms of Reference for a new group to provide the necessary political leadership and bolster third sector opportunities.

- 6.2 Members were informed that although some legal advice on the issue had already been obtained the Chair wished for the final agreement on the ToR to be agreed via the Vice Chairs, and that as part of this it was important to get the right numbers of Members involved. He confirmed that this was not a formal sub committee. It was agreed that membership of the group should be agreed via the political groups.
- 6.3 Cllr Carr asked whether this group was more a 'start and finish' body and whether the Executive could fulfil the leadership function? However the Chair felt that many interested Members were not part of the Executive. It was noted however that the group's remit focused on the agreed workplan which was currently for a one year period , and as such the group was time limited, subject to review
- 6.4 Members noted the work plan for leadership in the third sector, the budgetary provision for the work, and the terms of reference, subject to any legal issues. It was agreed at the meeting that the Chair and Vice Chair of Grants Committee take forward constituting the group with the support of the political advisers.

7. Month 9 Revenue Forecast 2016/17

- 7.1 The Chair asked Frank Smith, Director of Corporate Resources, to introduce the item. Members were informed regarding the surplus that there was a slight reduction on the half year position due to processing claims for grants and administration issues – the position had previously been considered and agreed at Leaders Committee.
- 7.2 The Director of Corporate Resources also confirmed that next year was the final year for the payment of £1m for the ESF programme – after that no further money would be demanded and the programme would be funded by the money already levied.
- 7.3 It was confirmed, in relation to the £38k for funding support via City Bridge Trust, that a person had now been appointed to the position.
- 7.4 Members noted the projected surplus of £759,000, the projected level of Committee reserves, and the remainder of the financial report.

The meeting ended at 15.05.

Young People's Education and Skills Board

Date 23 February 2017 **Venue** London Councils

Meeting Chair Cllr Peter John OBE

Contact Officer: Peter O'Brien

Telephone: 020 7934 9743 **Email:** Peter.obrien@londoncouncils.gov.uk

Present

Cllr Peter John OBE	London Councils Executive member for Business, Skills and Brexit (Chair)
Denise Donovan	Department for Work and Pensions (on behalf of Derek Harvey)
Dr Caroline Allen OBE	AoC/NATSPEC
Dr Graeme Atherton	AccessHE
Dr Jane Overbury OBE	AoC/Sixth Form Colleges
Gail Tolley	Association of London Directors of Children's Services
Mary Vine-Morris	Association of Colleges (AoC) London Region
Susan Crisp	Greater London Authority (GLA) (for Joanne McCartney/Caroline Boswell)
Tim Shields	Chief Executives London Committee
Yolande Burgess	London Councils Young People's Education and Skills
Zeena Cala	Skills Funding Agency

Guests and Observers

Dr Deirdre Hughes	DMH Consulting
Michael Heanue	LEAP officer

Officer(s)

Jamie Saddler	London Councils Young People's Education and Skills
Peter O'Brien	London Councils Young People's Education and Skills

Apologies

Arwell Jones	Association of School and College Leaders
Caroline Boswell	Greater London Authority (GLA) (for Joanne McCartney)
Derek Harvey	Department for Work and Pensions
Philip Barron	Land Securities
Sam Parrett OBE	AoC – Further Education Representative

1 Welcome and introductions

1.1 Cllr John welcomed attendees to the Board meeting and apologies were noted.

2 Declarations of Interest

2.1 No interests were declared.

3 Notes and Matters Arising from the last meeting

- 3.1 The notes of the last meeting were agreed; all actions had been taken forward and, further to item 7 on the minutes, there were no additional comments on the pre-publication draft of Vision 2020. Board members recorded their appreciation for the standard of reports produced by the Young People's Education and Skills team.

Action: Young People's Education and Skills team to publish Vision 2020

4 Apprenticeship Levy and Public Sector Target

- 4.1 The Board received a presentation covering governance, funding and growth and which concluded with an overview of the challenges for London and options for further action.
- 4.2 Board members also expressed interest in how London Councils plans to disseminate and share best practice/case studies on boroughs' readiness for both the levy and their apprenticeship targets.

Action: Young People's Education and Skills team, working through the Apprenticeship Sub-Group (and Heads of HR Group where appropriate) to gather further information from Boroughs and the Skills Funding Agency and gauge interest in developing a pan London strategic Market Position Statement (for both available standards and standards that London may wish to develop).

5 London Ambitions

- 5.1 Dr Deidre Hughes provided the Board with an update on the progress that has been made since the launch of London Ambitions and the challenges facing London. Dr Hughes advised the Board that there continued to be great interest in London's approach elsewhere in the country and internationally.
- 5.2 The Board reiterated its strong support for London Ambitions and was pleased to hear that Deputy Mayor of London Mr Jules Pipe was now recruiting members to the Skills for Londoners Task Force. It was understood that Mr Pipe promoted London Ambitions at a recent meeting with Ministers.
- 5.3 In further discussion, the Board felt that while the dialogue on devolution to London referred to 'all-age' careers guidance, the focus should remain on the 7-19 age group. The Board agreed that an update of the London Ambitions foreword from the current Mayor of London, should be produced and the support of all relevant Deputy Mayors of London should be secured.
- 5.4 The Board agreed that the Advisory Group had taken operational implementation forward successfully – with approximately 450 schools and employers registered on the portal - but the emphasis should now be at a strategic level.

Action: Young People's Education and Skills team, working with the GLA, to secure a fresh Mayoral foreword to London Ambitions; to stand down the London Ambitions Advisory Group and establish a strategic group to take forward the implementation of London Ambitions

6 Policy Update

General policy update

- 6.1 The Board expressed its serious concern that the proposed changes in the funding system would, if implemented in their current form, provoke a crisis in schools in

London. Further representations will be made, including contributing to the latest consultation and Mary Vine-Morris agreed to send Yolande Burgess the AoC's position statement for consideration for inclusion into the London Councils response.

Action: London Councils to consider the Association of Colleges' position when responding to the consultation on the National Funding Formula

Area reviews

- 6.2 The Board received a report from the Greater London Authority that the final drafts of reports have been shared with the steering groups for checking and they should be published soon (**Post-meeting note:** the reports were published on 24 February and are available [here](#)). Primary responsibility for implementation of recommendations rests with the colleges who are currently working through the due diligence process.
- 6.3 The Department for Education has agreed to accept one application for Transition Grant funding for a pan-London Special Educational Needs and Disabilities Review and one for each sub-region to explore the creation of sub-regional Adult Community Learning (ACL) hubs. This was a recommendation of the ACL Review that ran in parallel with the Area Review. The deadline for those applications is 31 March.

European Social Fund (ESF) update

- 6.4 It was reported that providers in the London ESF Youth Programme do not appear to be making best use of the Careers Guidance strand and that referrals from Outreach into the Targeted Interventions seem to be moving neither as quickly nor in the quantity that was anticipated. Youth Talent, which aims to bridge the Programme to employers, appears to be disconnected from the rest of the Programme.
- 6.5 The first Information Exchange event took place with 80 people attending; the next event will take place on 24 March.

7 Raising the Participation Age (RPA)

- 7.1 The Board was reminded about the changes in reporting methodology and the limited areas in which meaningful comparisons could be made with reports previously presented to it. The Board noted that NEET in London was edging closer to the national average and asked that, if this trend continued, the report on RPA should be discussed in greater depth at the next meeting.

8 AOB

- 8.1 Dates of future meetings were agreed as follows:
- Thursday 6th July, 3-5pm, London Councils
 - Thursday 16th November, 3-5pm, London Councils
 - Thursday 22nd February 2018, 3-5pm, London Councils

Minutes of the Meeting of the Audit Committee 23 March 2017

Cllr Roger Ramsey was in the Chair

Members Present:

Cllr Roger Ramsey (LB Havering)
Cllr Simon Wales (LB Sutton)
Cllr Fiona Colley (LB Southwark)
Roger Chadwick (City of London)

In Attendance:

Jeremy Mullins, City of London
Pat Stothard, City of London
Neil Hewitson, KPMG
Stephen Lucas, KPMG

London Councils' officers were in attendance.

The Chair informed members that this was Roger Chadwick's last Audit Committee meeting. He said that Roger Chadwick had been a member of this Audit Committee since 2010 and thanked him for his service and contributions to the Committee. The Chair welcomed a new member to the Audit Committee, Councillor Fiona Colley (LB Southwark), who had replaced Councillor Jas Athwal. John O'Brien (Chief Executive, London Councils) also thanked Roger Chadwick for all his work and efforts on the Audit Committee.

Introductions around the table were made.

1. Apologies for Absence

An apology for absence was received from Councillor Stephen Alambritis (LB Merton)

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Audit Committee meeting held on 22 September 2016

Councillor Wales asked for an update on the "Action Point" (page 5 of the minutes) regarding the plastic cards and the Emergency Communications part being issued to members. Frank Smith confirmed that the cards would be sent to members within the next two weeks.

The minutes of the Audit Committee meeting held on 22 September 2016 were agreed as being an accurate record.

4. Internal Audit Plan 2017/18

The Audit Committee received a report that detailed the draft internal audit plan for 2017/18, as proposed by the City of London's Internal Audit section, under the terms of the service level agreement for financial and payroll services. The report also provided details of the proposed rolling five-year programme covering the period up to 2021/22.

David Sanni, Head of Financial Accounting, London Councils, introduced the report. He informed members that the draft internal audit plan was for 2017/18, along with a 5-year rolling programme up to 2021/2022. The report had already gone to the Chair and London Councils' Corporate Management Board (CMB). The planned work for the internal audit for 2017/2018 could be found at Appendix A in the report (page 9), along with the 5-year internal audit plan at page 10 of the report.

The Chair pointed out that the date of the last review of Grants in the 2017/18 internal audit plan was September 2016 (with 20 Audit days of work), but was shown as November 2016 in the 5-year rolling programme. He noted that 20 days had been allocated to a Grants review in the 2017/18 plan and asked why it was being carried out so soon after the previous review. Pat Stothard, City of London, said that the 20 days allocation of work would be focussed on the Grants audit, but there could be flexibility around this. Similar work had been carried out before on the Grants audit, and this proved to be time consuming. He said that London Councils' officers had been consulted during the preparation of the plan. Frank Smith, Director of Corporate Resources, London Councils, said that the review had been included due to the commencement of the new Section 48 and ESF grant programmes and the timing provided an opportunity to assess the adequacy of controls around the award of contracts and monitoring of commissions.

Jeremy Mullins, City of London, said that the previous internal audit had focussed on the financial vetting process and recent changes to the process. He said that they had a number of recommendations, along with the need for a few more checks. Councillor Wales voiced concern about duplication taking place. He felt that this was an area that was worth looking at. Jeremy Mullins said that the audit would be looking at the visits being made. Audit systems were also being looked at, along with ongoing Grants checks.

The Audit Committee approved the internal audit programme for 2017/18 and the rolling five-year programme, as proposed by the City of London and detailed in Appendix A of the report.

5. External Audit Plan 2016/17

The Audit Committee received a report that presented the draft external audit plan for 2016/17 prepared by London Councils' external auditor, KPMG. The draft audit plan informed the Audit Committee of the scope of the external audit for London Councils for 2016/17.

David Sanni introduced the external audit plan report for 2016/17. Members were informed that Philip Johnstone, the previous Engagement Leader, had been replaced by Neil Hewitson to work on the external audit. Neil Hewitson said that two significant risks had been identified - Management override of controls and the Triennial Pensions Valuation (page 16 of the report). He notified members of the audit fee, which could be found on page 21 of the report, and the declaration of independence and objectivity (page 25 of the report).

The Chair asked whether the materiality levels applied to the TEC accounts were artificially high due to the costs for the Freedom Pass. Frank Smith confirmed that borough Freedom Pass contributions were made directly to TfL. Neil Hewitson said that this had been taken into account when the materiality levels were set.

The Audit Committee approved the draft external audit plan for 2016/17, as detailed in Appendix A of the report.

6. Internal Audit Reviews Update

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

David Sanni introduced the internal audit review update and informed members that one review on the procurement of goods and services had been completed during the period. He said that the review established that there was a sound control environment in place but highlighted some instances where controls could be improved (Appendix A, page 31). Steps were in place to implement the recommendations in the audit review.

Councillor Colley asked whether there were any plans in place to modernise the hand written purchase orders and date stamps. David Sanni explained that London Councils used the City of London's accounting system and that the use of their purchase order system had been considered but not progressed due to complications with the purchase to pay systems and implementation costs. Frank Smith said that London Councils was a small organisation, in comparison to the boroughs, and the existing manual system currently served the organisation's needs. There would be cost implications involved should the system be upgraded. Councillor Colley said that all the paper purchase orders could be destroyed in the event of a fire. Frank Smith said that he would review the use of the existing purchase order system.

The Audit Committee:

- Considered and commented on the contents of the internal audit report on the Procurement of Goods and Services attached at appendix A; and
- Noted that there were no significant control weaknesses identified in the reviews completed during the period.

7. Risk Management: Services Risk Register

The Audit Committee received a report that presented the current Services Directorate Risk Register for consideration by members.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the Services risk register report. She said that the register had been updated to include the retirement of Nick Lester-Davis. His roles had now been taken up by Spencer Palmer (Director of Transport and Mobility Services, London Councils) and Yolande Burgess (Strategy Director, London Councils), and both were present to take any questions from members.

The Chair asked why risk number A5 was so high (breaches in data protection and security). Spencer Palmer said that data risk was still a high priority, especially in Services and Grants, and needed to be focussed on. Agreements were in place with regards to data sharing, but it continued to be a high risk nevertheless. The Chair also noted another high risk area due to Brexit (A12). Spencer Palmer said that risk number A12 and B7 (LEPT currency variation) both related to Brexit. He said that bidding for EU funding was still taking place and there could still be a role for LEPT post Brexit.

Councillor Colley said that the risk to "succession planning" (risk number A11) was also high. Spencer Palmer said that London Councils was reliant on highly skilled staff, and handover arrangements were needed when staff left. John O'Brien, Chief Executive, London Councils, said that this was especially relevant to the Policy side of London Councils. He said that many policy staff stayed for approximately three years, before moving on. Councillor Colley asked whether London Councils gave sufficient notice periods and recruitment timeframes. John O'Brien confirmed that it did. Spencer Palmer said that London Councils also invested a great deal in internal staff development. Roger Chadwick asked whether the staff age profile was different at London Councils. Christiane Jenkins said that the age profile was no different to any other similar organisations.

The Chair queried the high risk associated to the Northgate contract (C7, page 49 in the risk register). Spencer Palmer said that Northgate had taken over the contract on operating London Tribunals from Capita. The risk was high as London Tribunals relied on the systems that Northgate operated. However, most of the risks had now been overcome and the risk level would be

downgraded by the next review. Councillor Wales asked if there were any concern that Northgate would not be able to deliver what was expected. Spencer Palmer said that he was satisfied that Northgate was now meeting all of its performance indicators. He said that there had been some new external factors of change to the new contract, some of which were at the request of the adjudicators. Some areas had added to the complexities of the contract, but performance targets were now being met across the board.

Councillor Wales said that the audit and controls to the Grants programme had quite a high risk (risk number D4, page 51). Yolande Burgess said that this related to the ESF programme and detailed checks of provider claims were being carried out, prior to payments being made. The claim process was being looked at over the next six weeks to ensure it was fit for purpose.

The Audit Committee noted the current Services Directorate Risk Register and the changes to reporting contained in the cover report.

8. Treasury Management Update

The Audit Committee received a report that provided members with an update on London Councils' treasury management strategy. London Councils' cash balances were held by the City of London under the service level agreement for the provision of financial support services. The investment of London Councils' cash balances were covered by the City of London's treasury management strategy as they were aggregated with the City of London's funds for investment.

David Sanni introduced the Treasury Management update. He said that it had been agreed at the Audit Committee in September 2009 that the Committee would receive annual reports on the City of London's treasury management activities. David Sanni informed members that London Councils' cash balances were pooled along with the City of London's funds for investment purposes, and funds were protected against potential future capital losses. The annual return rate for the current year was 0.5%. The Chair thanked the City of London for its continued support to London Councils.

Councillor Colley asked whether London Councils had any debt. Frank Smith confirmed that London Councils had no debt but had commitments in respect of the rental costs for 59½ Southwark Street and London Tribunals premises at Chancery Exchange. Councillor Wales asked why parts of the report were highlighted in yellow. David Sanni said that the highlighted represented changes that had been made.

The Audit Committee noted the City of London's Treasury Management Strategy Statement and Annual Investment Strategy for 2017/18, which could be found at Appendix A of the report.

The meeting finished at 11:03am

Action Points

	Action	Progress
Item 6. Internal Audit Reviews	<i>Frank Smith to review the use of the Existing purchase order system</i>	To be completed before the end of the 2017/18 financial year

Leaders' Committee

Report from the Transport & Environment Committee – 23 March 2017

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 11 July 2017
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary: Summary of the minutes of the London Councils' Transport & Environment Committee held on 23 March 2017

Recommendations: For information.

1. Attendance: Cllr Lynda Rice (LB Barking & Dagenham), Cllr Dean Cohen (LB Barnet), Cllr Colin Tandy (LB Bexley - Deputy), Cllr Phil Jones (LB Camden), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Daniel Anderson (LB Enfield), Cllr Sizwe James (RB Greenwich), Cllr Feryal Demirci (LB Hackney), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Graham Henson (LB Harrow), Cllr Jason Frost (LB Havering), Cllr Claudia Webbe (LB Islington), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Alan Smith (LB Lewisham), Cllr Nick Draper (LB Merton - Deputy), Cllr John Howard (LB Redbridge), Cllr Peter Buckwell (LB Richmond-upon-Thames), Cllr Ian Wingfield (LB Southwark), Cllr Jill Whitehead (LB Sutton), Cllr Clyde Loakes (LB Tower Hamlets), Cllr Caroline Usher (LB Wandsworth), and Alex Williams (Transport for London).

2. Apologies for Absence: Cllr Alex Sawyer (LB Bexley), Cllr Colin Smith (LB Bromley), Cllr Martin Whelton (LB Merton), Cllr Ian Corbett (LB Newham), and Cllr Danny Chalkley (City of Westminster).

The Chair said that TEC would hold a minutes silence for the victims of the terrorist incident on Wednesday 22 March 2017. There would also be a candlelight vigil taking place at Westminster this evening.

3. Presentation by Will Norman, Walking & Cycling Commissioner, GLA

Will Norman, Walking and Cycling Commissioner, GLA, introduced himself and informed members that he had already met with some local authorities and cycling groups. Some of the following comments were made:

- A new approach to health was needed in London. Only 34% of people were physically active, and lack of exercise was having an adverse effect on health.
- The NHS would save a considerable amount of money if people walked or cycled at least 20 minutes every day. There was also a 20% reduction in mortality rates for people that were physically active and there was a need to increase activity.
- The Mayor was now putting out a "Healthy Streets" agenda which would look at how to increase levels of walking and cycling, along with the take-up of public transport.
- People to be put at the heart of the transport system.

- The GLA and TfL were looking at how to integrate walking and cycling into the public transport network. Need to build in the infrastructure and look at London's future planning and growth.
- Need to meet and work in partnership with local authorities in order to promote walking and cycling. Mayor has protected the borough LIPs programme for 2017/18.
- Mayor's Transport Strategy (MTS) would be published in May 2017, along with draft LIPs guidance.

A Q and A session took place where members asked questions regarding the ULEZ, Healthy Streets and Southern Rail were discussed.

4. Chair's Report

The Committee considered a report that updated members on transport and environment policy since the last TEC meeting on 8 December 2016, and provided a forward look until the next meeting on 15 June 2017. The Committee noted the Chair's report and the offer of a presentation from TfL, at a future TEC meeting, on the Mayor's Transport Strategy.

5. Flood Partnerships Update

The Committee received a report that informed TEC of the annual update on the work of the seven London sub-regional flood partnerships, the Thames Regional Flood and Coastal Committee (RFCC) and the Environment Agency. This was part of the Thames RFCC Joint Working Arrangements. The Committee noted and commented on the report.

6. Fixed Penalty Levels for GLC Parks Byelaws

This report was deferred.

7. Go Ultra Low City Scheme (GULCS) – Phase 1 for Delivering Residential and Car Club Electric Charge Points

The Committee considered a report that updated members on the work that had been undertaken by officers in investigating the legal, constitutional and financial implications arising from the ambition for London Councils' TEC to take the strategic oversight and operational management roles for a London-wide delivery "partnership", for electric charge points.

The Committee: **(i)** noted and commented on the report, and **(ii)** noted and commented on the detail for Phase 1, as outlined in Appendix 1 of the report.

8. London Borough of Sutton Approval to Commence CCTV Bus Lane Enforcement

The Committee received a report that sought approval for the London Borough of Sutton to commence enforcement of bus lane contraventions using CCTV. The Committee agreed that permission be given to the London Borough of Sutton to enforce bus lane contraventions using CCTV.

9. Taxicard Progress Report

The Committee considered a paper that informed members of the projected Taxicard spend for 2016/17, and the estimated budget requirement for 2017/18. The report also provided an update on the re-letting of the Taxicard taxi supply contract. The Committee noted the projected Taxicard spend for 2016/17 and the estimated budget for 2017/18.

10. Freedom Pass Progress Report

The Committee received a report that provided members with information on two recent developments on the Freedom Pass scheme, namely customer service improvements to the Freedom Pass scheme and discussions with the Rail Delivery Group (formerly ATOC), regarding financial adjustments to account for rail service disruption. The Committee noted the report

11. Item Considered under the Urgency Procedure

The Committee received a report that was sent to TEC Elected Officers, under the Urgency Procedure. The report was sent to TEC Elected Officers in order for an adjudicator to be re-appointed in time, as the original re-appointed was omitted from the report that went to the full TEC meeting in December 2016.

ion: The Committee noted that attached Urgency Procedure that was sent to TEC Elected Officers on 17 January 2017 to re-appoint an Environment and Traffic Adjudicator for a period of five years.

12. TEC Committee Dates 2017/18

The Committee considered a report that notified members of the proposed TEC and TEC Executive Sub Committee dates for 2017/18.

The Committee: **(i)** agreed to change the TEC Main meeting date in March 2018, from 15 March to 22 March 2018; and **(ii)** noted and agreed the dates for TEC and TEC Executive Sub Committee meetings for 2017/18, subject to final confirmation at the Annual General Meeting in June 2017.

13. Minutes of the TEC Executive Sub Committee held on 9 February 2017

The minutes of the TEC Executive Sub Committee held on 9 February 2017 were noted.

14. Minutes of the TEC Main Meeting held on 8 December 2016

Subject to some minor amendments, the minutes of the TEC Main meeting held on 8 December 2016 were agreed as an accurate record.

The meeting finished at 16:30pm

Pensions CIV Sectoral Joint Committee (PSJC)

12 April 2017

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Wednesday 12 April 2017 at 10:30am in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

Present:

City of London	Mark Boleat (Chair)
Barking and Dagenham	-
Barnet	-
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	Cllr Keith Onslow (Deputy)
Camden	Cllr James Yarde (Deputy)
Croydon	Cllr John Wentworth (Deputy)
Ealing	-
Enfield	Cllr Derek Levy (Deputy)
Greenwich	-
Hackney	Cllr Robert Chapman
Hammersmith and Fulham	-
Haringey	Cllr John Bevan (Deputy)
Havering	-
Harrow	Cllr Nitin Parekh
Hillingdon	Cllr Philip Corthorne
Hounslow	-
Islington	Cllr Richard Greening
Kensington and Chelsea	-
Kingston Upon Thames	Cllr Eric Humphrey
Lambeth	Cllr Iain Simpson
Lewisham	Cllr Mark Ingleby
Merton	-
Newham	Cllr Forhad Hussain
Redbridge	Cllr Elaine Norman
Richmond Upon Thames	-
Southwark	-
Sutton	Cllr Sunita Gordan
Tower Hamlets	Cllr Clare Harrisson
Waltham Forest	Cllr Simon Miller
Wandsworth	Cllr Maurice Heaster
City of Westminster	-

Apologies:

Barnet	Cllr Mark Shooter
Bromley	Cllr Teresa Te
Camden	Cllr Rishi Madlani
Croydon	Cllr Simon Hall
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Haringey	Cllr Clare Bull
Havering	Cllr John Crowder
Hounslow	Cllr Mukesh Maholtra
Kensington & Chelsea	Cllr Quentin Marshall
Merton	Cllr Imran Uddin

Officers of London Councils were in attendance as were Hugh Grover (CEO, London CIV), Brian Lee (COO, London CIV), and Jill Davys (AD Client Management, London CIV).

1. Announcement of Deputies

- 1.1. Apologies for absence and deputies were as listed above.

2. Declarations of Interest

- 2.1. There were no declarations of interest that were of relevance to this meeting.

3. Minutes of the PSJC meeting held on 8 February 2017

- 3.1. Councillor Heaster asked if an update could be given by the Board on the recruitment of staff (page 2, Paragraphs 4.2 to 4.4 in the minutes). He said that there were concerns that elements of work were falling behind (more AUMs were needed). The CEO confirmed that 6 roles were in the process of being recruited and a recruitment consultant was carrying out interviews. The roles should be in post by the end of the current quarter. Maurice Heaster asked if the recruitment process could be undertaken in good time. The CEO confirmed that this was being carried out now.
- 3.2. Councillor Simpson asked when a detailed definition of “infrastructure” and a timetable would be made available to members. The CEO said that Julian Pendock (Chief Investment Officer, London CIV) was unable to attend the meeting, but a note on infrastructure would be sent to members shortly. Members and officers would attend the infrastructure seminar.
- 3.3. The minutes of the PSJC meeting held on 8 February 2017 were agreed.

4. National Pooling Update, the Scheme Advisory Board (SAB) and MiFID II (Jeff Houston, LGA Head of Pensions and SAB Secretary)

- 4.1. Jeff Houston (LGA Head of Pensions and SAB) introduced the report. The following comments were made and questions asked:

(i) Asset Pooling

There were 8 pools and the London CIV was first in the pools. Transition of assets was due to take place from April 2018 onwards. Estimated savings of £200m per annum. Concerns were voiced over timescales and infrastructure. This administration appeared more focussed on housing. The Chair said that there were problems with housing supply. Jeff Houston said that it was down to the pools to decide on infrastructure.

(ii) Investment Fee Transparency

There was a voluntary code of transparency for asset managers being launched by the SAB, including a standard template, which would be provided to their clients. The SAB would check the numbers. The fee transparency

would include marketing, advertising costs etc. The template could be found on the Board website. Councillor Chapman asked whether the Code was fully voluntary. Jeff Houston said that those who signed up to the Code would be placed on the website and could use the new Kite-mark Standard for Asset Management Services. The LGPS currently held 60% of assets and all of these had signed up to the Code.

(iii) MiFID II

Local authorities would be reclassified from professional to retail investors from 1st January 2018. This would significantly reduce the firms, asset classes and vehicles available to local authorities. Asset managers have informed the FCA that the opt up process would not work. The local authorities would be the clients of the CIV and the CIV the clients of investment vehicles.

John Houston said that the CIV would have to opt up each local authority. The opt up test assumed that the individual was the client. However, it was not an individual, it was a collective. On the 11 May 2017, the FCA Board would meet to make a final decision in the handbook and we were led to believe that the FCA would agree our stance on this matter. It was planned to add a fourth criteria referencing the authorities status as a public service pension scheme manager – this would follow on from the quantitative test that states that clients should have performed a significant number of transactions, or have worked for 12 months in the sector. Councillor Heaster said that this was very good news.

John Houston said that the FCA had never had so many responses to an item in the handbook, and this was down to asset managers. He said that local authorities would have access to regulate their funds. John Houston said that local authorities, as retail investors for unregulated funds, would be able to access complicated items, but not simpler areas. Legal advice would be sought on being able to use regulated funds without having to opt up.

Councillor Greening said that changes to FCA regulations were needed, especially with regards to exiting from private equities. The Chair said that he had raised the various issues with Andrew Bailey, who said that the main problem lay with MiFID II (EU directives) and not the FCA. The FCA were willing to do something about these issues, however, a great deal of time was currently being taken up by Brexit matters. John Houston said that meetings were being set-up to agree a template of information from June 2017 to January 2018.

Councillor John Bevan asked for an update on the issue of academies. John Houston said that ministers would be looking at dealing with the guidance, regulations in the LGPS and options outside of the scheme. The preferred option would be regulations in the scheme. It was essential that liabilities of academies did not fall back on local authorities. The Chair thanked John Houston for coming to discuss these issues with Committee.

4.2. The Committee noted the report.

5. Fund Development Update

5.1. Brian Lee (Chief Operating Officer, London CIV), introduced the report and made the following comments:

- The timeline for fund launches could be found on pages 17 and 18 of the report.
- The various phases to open funds were explained on page 17 of the report, starting from: a “borough needs assessment”, procurement, product development, legal/fund documents, FCA approval and finally the fund launch itself.
- The “fund launch pipeline status” (ie where we were now) could be found in the table on page 18 of the report. This included a “RAG” status to ascertain whether the fund launches were on target.
- “Longview Globe Equity” was being pushed down slightly because “Henderson EM” was being brought forward. The FCA wait four weeks to approve the prospectus, therefore Henderson was being brought forward to coincide with Longview.
- The other funds “EPOCH” and “RBC Sustainable” would be launched in September 2017, and were all on target. “Global Equities: Phase 2+” would be launched in December 2017 and “Fixed Income+” in March 2018. All of these were referenced back in the business plan.

5.2. Councillor Heaster said that the remaining funds were relatively small in comparison to the first two funds. He said that the first three funds on the table all appeared to have slipped timewise and he presumed that this was owing to resource implications. Councillor Heaster asked whether this would have any implications for other schemes in the future. Brian Lee said that he was confident that the targets in the table would be met, and therefore this would not impact on the fund launch timescales.

5.3. Councillor Corthorne asked whether there should be concern at the speed of fixed income products coming onto the platform. He also mentioned risk return targets when considering low carbon approaches in investments.

5.4. The CEO said new funds were now being opened up, like global equities. He said that approximately £5.5b should be in the CIV by the end of July 2017 (approximately 18% of the total £30b overall). Councillor Simpson said that it would be beneficial to have a road map and to achieve a level of £15b as soon as possible. The CEO confirmed that a road map was set out in the Business Plan. He said that there would be changes – demand seemed to be growing for fixed incomes and these could be brought forward in the plan.

5.5. The CEO said that the Henderson fund was being launched earlier, which was very positive. The pipeline would “speed-up” and more resources would be coming on board shortly.

5.6. Jill Davies (Chair of Investment Advisory Committee) said that the London CIV would be looking at options for low carbon funds, although it was for local authorities to make decisions on how they allocated their assets.

- 5.7. The CEO said that Julian Pendock was looking into fixed income projects. He said that fixed incomes were dependent on what route was taken – either ownership of a fixed income package or buying the product from a fund manager (the latter appeared to be the best option, although the economies received might not be as good as hoped for).
- 5.8. The Committee noted the report.

6. Investment Advisory Committee Update

- 6.1. The CEO said that Ian Williams (Chair of Investment Advisory Committee, London CIV) was unable to attend the meeting. Councillor Heaster asked if a deputy would be able to attend in the future, if a Board member was unable to make the meeting. The CEO said that he would pass this request back to the Board
- 6.2. The Committee noted the report.

7. Finance Report and Benefits

- 7.1. Brian Lee (Chief Operating Officer, London CIV) introduced the report, which updated the forecast of the London CIV to March 2017. Assets look set to reach £5.1billion by March 2018 and were on target.
- 7.2. Councillor Heaster said that “Longview” was due to launch in Q2 of 2017, and not Q1 as stated in the report (paragraph 5).
- 7.3. Councillor Greening said that it would be helpful if the report stated what funds each borough was investing in. Councillor Heaster said that the boroughs were investing varying sums of money. The CEO said that this information could also be published.
- 7.4. The Committee:
- noted the updated forecast of LCIV to March 2017;
 - noted the reporting and audit timetable of LCIV for the financial year ending 31st March 2017;
 - noted the audited financial statements for the LCIV LGPS Authorised Contractual Scheme; and
 - agreed to publish what funds the boroughs were investing in and the amount they were investing.

8. Governance Review Update (verbal update)

- 8.1. The CEO gave a verbal update on LCIV Governance review. He said that a full specification was ready to go to market. There were three variables, namely cost, scope and timetable.
- 8.2. The steering group would comprise of Lord Kerslake, and NED, Mark Boleat, the two Group chairs (Councillors Heaster and Johnson), Ian Williams and Gerald Armorah (?)

- 8.3. Councillor Simpson said that buy-in from stakeholders was needed, along with some union representation. The CEO said that there were already 56 committee meetings to support and another one would not be beneficial.
- 8.4. The Committee noted the verbal update and the need to get on with the Governance review.

9. Business Plan and MTFS Implementation and Progress Reporting

- 9.1. The CEO introduced the report that set out the Annual Budget and the MTFS framework going forward. The first quarter figures would be going to the CIV Sectoral AGM in June 2017.
- 9.2. The Committee noted the report.

10. Shareholder and Investor Reporting Framework and Progress Reporting to DCLG

- 10.1. Jill Davies (Assistant Director, London CIV) introduced the report, which set out the reporting framework and timetable for London CIV reporting to key stakeholders. Work was also taking place with the Investment Advisory Committee (IAC) transparency working group.
- 10.2. Jill Davies said that the report also covered the reporting on progress on investment pooling that was required by DCLG. The latest letter from the DCLG could be found at Annex C of the report.
- 10.3. Councillor French voiced concern that there could be duplication with regards to manager selection and client pools (last paragraph, Annex C). Jill Davies informed members that the CIV was working on a shared template, which would be agreed over the next couple of months.
- 10.4. The CEO confirmed that the London CIV would be making the selection of managers. Boroughs would be choosing managers from a range that the CIV had selected. The CEO also said that issues regarding investment in infrastructure had been put to ministers and Government, although not a great deal more pressure could be exerted in this area.
- 10.5. The Committee:
 - noted the requirement to report to DCLG on investment pooling progress; and
 - noted the reporting framework for shareholders and investors.

11. Quarterly Client Engagement and Stakeholder Report

- 11.1. Jill Davies introduced the client engagement and stakeholder report. She said that the report was for information and liaison had been taking place with the boroughs. The report listed feedback from the LCIV Annual Conference and the various seminars and events that were convening. There was also an invite to Global Equities day on 11 May 2017.
- 11.2. The Committee noted the report and agreed that members should have various dates of events and seminars in their diaries in good time.

Members of the public were asked to leave the room in order for the exempt part of the agenda to be discussed.

The meeting closed at 11:55am

Leaders' Committee

Report from the Transport & Environment Committee – 15 June 2017

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 11 July 2017
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary: Summary of the minutes of the London Councils' Transport & Environment Committee held on 15 June 2017

Recommendations: For information.

1. Attendance: Cllr Lynda Rice (LB Barking & Dagenham), Cllr Dean Cohen (LB Barnet), Cllr Colin Smith (LB Bromley), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Daniel Anderson (LB Enfield), Cllr Feryal Demirci (LB Hackney), Cllr Wesley Harcourt, Cllr Claudia Webbe (LB Islington), Cllr Tim Coleridge (RB Kensington & Chelsea), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Martin Whelton (LB Merton), Cllr Pat Murphy (LB Newham), Cllr Peter Buckwell (LB Richmond-upon-Thames), Cllr Jill Whitehead (LB Sutton), Cllr Clyde Loakes (LB Tower Hamlets), Cllr Caroline Usher (LB Wandsworth), Cllr David Harvey (City of Westminster – Deputy), and Colin Mann (Transport for London - Deputy).

2. Apologies for Absence: Cllr Alex Sawyer (LB Bexley), Cllr Phil Jones (LB Camden), Cllr Jason Frost (LB Havering), Cllr Keith Burrows (LB Hillingdon), Cllr Amrit Mann (LB Hounslow), Cllr Sizwe James (RB Greenwich), Cllr Ian Wingfield (LB Southwark), Cllr Christopher Hayward (City of London), Cllr Amina Ali (LB Tower Hamlets), Cllr Danny Chalkley (City of Westminster), and Alex Williams (Transport for London)

3. Election of Chair

Councillor Julian Bell (LB Ealing) was elected as Chair of TEC for 2017/18)

4. Election of Vice Chairs

Councillor Feryal Demirci (LB Hackney) was elected to be the Labour Vice Chair of TEC, Councillor Tim Coleridge (RB Kensington & Chelsea) was elected to be the Conservative Vice Chair of TEC, and Councillor Jill Whitehead (LB Sutton) was elected to be the Liberal Democrat Vice Chair for TEC for 2017/18.

5. Membership of London Councils' Transport & Environment Committee

The Committee received and noted the revised report on the TEC membership for 2017/18.

6. Appointment to the TEC Executive Sub Committee for 2017/18

The Committee elected the following members to the TEC Executive Sub Committee for 2017/18:

Labour

Cllr Julian Bell (LB Ealing – Chair)
Cllr Stuart King (LB Croydon)
Cllr Feryal Demirci (LB Hackney)
Cllr Daniel Anderson (LB Enfield)
Cllr Clyde Loakes (LB Waltham Forest)
Cllr Claudia Webbe (LB Islington)

Conservative

Cllr Tim Coleridge (RB Kensington & Chelsea)
Cllr Phil Doyle (RB Kingston-upon-Thames)
Cllr Peter Buckwell (LB Richmond)
Cllr Caroline Usher (LB Wandsworth)

Liberal Democrat

Cllr Jill Whitehead (LB Sutton)

City of London

Christopher Hayward

7. Nominations to TEC Outside Bodies & Appointment of Committee Advisers for 2017/18

The Committee received a report that sought nominations to the various outside bodies that related to the work of TEC for 2017/18.

The Committee nominated the following members to the outside bodies below:

Heathrow Airport Consultative Committee (HACC)

Cllr Martin Whelton (LB Merton)
Deputy – Cllr Tim Coleridge (RB Kensington & Chelsea)

Thames Regional Flood & Coastal Committee (Thames RFCC)

West – Cllr Dean Cohen (LB Barnet)
South West – Cllr Nick Draper (LB Merton)
South East – Cllr Alan Smith (LB Lewisham)
North East – Cllr Lynda Rice (LB Barking & Dagenham)
Central North – Cllr Tim Coleridge (RB Kensington & Chelsea)
Central South – Cllr Jenny Brathwaite (LB Lambeth)
North – Cllr Daniel Anderson (LB Enfield)

London Sustainable Development Commission (LSDC)

Cllr Claudia Webbe (LB Islington)

Urban Design London (UDL)

Cllr Daniel Moylan (RB Kensington & Chelsea)
Cllr Nigel Haselden (LB Lambeth)

Thames River Basin District Liaison Panel (Thames LP)

Cllr Sizwe James (RB Greenwich)

London City Airport Consultative Committee (LCACC)

Cllr John Howard (LB Redbridge)

London Waste & Recycling Board (LWARB)

No new nominations are required until 11 August 2020

London Cycling Campaign (LCC)

Cllr Feryal Demirci (LB Hackney)

The Committee: **(i)** agreed to pass on the above names to the Chief Executive of London Councils, for appointment to outside bodies, once they were all confirmed, **(ii)** agreed that Alan Edwards would write

to the outside bodies to inform them of the TEC nominations, and **(iii)** agreed that a short report would be presented to the next TEC Executive Sub Committee, outlining the process for nominating TEC Committee advisers. The current Committee advisers would continue on an interim basis.

8. TEC AGM Minutes of 16 June 2016

The TEC AGM minutes from 16 June 2016 were noted.

9. Constitutional Issues

The Committee considered a paper that informed members of proposed minor variation to the London Councils' Transport and Environment Committee (LCTEC) Governing Agreement. The proposed changes did not alter any of the functions of LCTEC or the responsibilities delegated to it.

The Committee: **(i)** approved the proposed minor variation to the LCTEC Governing Agreement set out in Appendix 1, and **(ii)** noted that the variation to the LCTEC Governing Agreement, if approved by LCTEC, should come into effect following 28 days written notice of the variation to each Participating Council and Transport for London, if no objection is received from any Participating Council and/or Transport for London during the notice period.

10. Chair's Report

The Committee received a report that updated members on transport and environment policy since the last meeting on 23 March 2017 and provided a forward look until the next TEC meeting on 12 October 2017. The Committee noted the report

11. TEC Priorities for 2017/18

The Committee received a report that provided members with a look back at what had been achieved in 2016/17 and a look forward to the priorities for 2017/18.

The Committee: **(i)** discussed the report and agreed the priorities for the year 2017/18, **(ii)** agreed that air quality, the implications of Brexit and the environment, enforcement and Crossrail 2 would be placed at the top of the TEC priorities.

12. Go Ultra Low City Scheme (GULCS) – Phase 1 Delivery for Residential & Car Club Electric Charge Points Update

The Committee considered a report that updated members on delivery of Phase 1 for the residential and car club element of the GULCS, the borough consultation that has been taking place during March and April 2017 and the proposed future work. The report asks TEC to agree to start the process of amending the TEC agreement to delegate the boroughs' functions relating to Electric Vehicle Charging Apparatus to London Councils' TEC.

The Committee agreed to consult on and seek written agreement from all local authorities to amend the London Councils' TEC (LCTEC) agreement as outlined in paragraph 28 of the report.

13. Draft Consultation Response to Mayor's ULEZ and Defra's Draft Air Quality Plan

The Committee received a report regarding the Mayor of London's consultation on introducing the central London Ultra Low Emission Zone (ULEZ) in April 2019, as opposed to September 2020, and to include Particulate Matter (PM) in its emissions standards. Defra was now consulting on its recently published draft air quality plan and London Councils was now planning on responding to both these consultations.

The Committee: **(i)** discussed and agreed the proposed London Councils' response to the third phase of the Mayor's air quality consultation at Appendix A, and **(ii)** discussed and agreed the proposed London Councils' response to Defra's draft air quality plan at Appendix B.

14. Fixed Penalty Levels for GLC Parks Byelaws

The Committee considered a report regarding LB Wandsworth's request to London Councils that TEC set Fixed Penalty Notice (FPN) levels for GLC byelaws relating to parks, so that local authorities could issue FPNs rather than prosecute offenders.

The Committee: **(i)** agreed that London Councils would consult on the levels of fixed penalty for breaching the GLC Parks, Gardens and Open Spaces byelaws, as set out at Appendix A, and **(ii)** agreed

that London Councils would consult on a fixed penalty level of £80, payable within 28 days and an early payment reduction to £50, if paid within 14 days.

15. Draft Response to Defra Consultation on Littering Penalties

The Committee received a report that set out the actions with relevance to local authorities from the Litter Strategy that Defra published in April 2017. One of these actions was for the Government to consult on increasing litter penalties.

The Committee: **(i)** reviewed and agreed the draft responses at Appendix A of the report, and **(ii)** provided a steer that Option 3 (*"increase the minimum, default and maximum fixed penalty to £65, £100 and £150 respectively"*) would be the level of penalties that London Councils supported in its response (question 3, page 4 of the report).

16. London Lorry Control Scheme Review – Update and Initial Recommendations

The Committee received a report that provided members with an update on the progress on the London Lorry Control Scheme review to date, and the short, medium and long-term recommendations for the future.

The Committee: **(i)** approved the recommendations put forward in the report, and **(ii)** agreed that officers would publish a detailed report on the review findings and recommendations.

17. Taxicard Procurement

The Committee received a report that summarised the results of the Taxicard consultation and explained how the findings had been used to inform London Councils' recommended approach to re-procuring the Taxicard supply contract in partnership with Transport for London (TfL).

The Committee: **(i)** noted the outcome of the Taxicard consultation, **(ii)** agreed the proposed changes to the service, and **(iii)** agreed the proposed approach to procurement, ie working through, and with TfL, to set up a framework using the competitive procedure with negotiation, subject to London Councils and TfL concluding a service level agreement.

18. Freedom Pass Progress Report

The Committee considered a report that provided members with an update on the provision of the Freedom Pass service, including proposals for: (1) a mid-term review of continued eligibility for Freedom Passes that expired on 31 March 2020, (2) the renewal of Freedom Passes that expired on 31 March 2018, and (3) reducing contact centre costs over the life of the new contract with ESP Systex (October 2017 to September 2022)

The Committee: **(i)** agreed to a mid-term review of eligibility of Freedom Passes that expired on 31 March 2020, **(ii)** noted the plan to renew Freedom Passes that expired on 31 March 2018, and **(iii)** agreed to officers exploring customer contact centre "Option 3" in the context of the new Freedom Pass managed services contract.

19. Item Considered under the Urgency Procedure

The Committee received a report that informed members of an item that was sent to TEC Elected Officers under the Urgency Procedure, namely "Environment and Traffic Adjudicators Recruitment". Responses were required from Elected Officers by 3 April 2017 to ensure that the 11 adjudicators were appointed in time.

The Committee noted the Urgency Procedure that was sent to TEC Elected Officers on 27 March 2017 on "Environment and Traffic Adjudicator Recruitment".

20. TEC Committee Dates 2017/18

The Committee noted and agreed the TEC and TEC Executive Sub Committee meeting dates for 2017/18.

21. Minutes of the TEC Main Meeting held on 23 March 2017 (for agreeing)

The minutes of the TEC Main meeting held on 23 March 2017 were agreed as an accurate record.

The meeting finished at 15:50pm

**Minutes of the Meeting of the Executive
Tuesday 20 June 2017 10:40am**

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
Ms Catherine McGuinness	Vice chair
Cllr Ruth Dombey OBE	Vice chair
Mayor Sir Steve Bullock	
Cllr Ray Puddifoot MBE	
Cllr Julian Bell	
Cllr Kevin Davis	
Cllr Lib Peck	
Cllr Darren Rodwell	

London Councils officers were in attendance

1. Apologies for absence and announcement of deputies

There were no members absent

2. Declaration of interest

Cllr Teresa O'Neill OBE declared a personal non-pecuniary interest as a member of the HCA board.

3. Minutes of the Executive Meeting held on 28 February 2017

The minutes of the Executive meeting held on 28 February 2017 were agreed.

4. Forthcoming meetings – verbal update

The Chief Executive updated the Executive on forthcoming meetings:

- Thursday 29th June. Meeting of the Congress Executive, involving the Mayor of London, London Councils' Executive members and the chairs of sub-regional groupings. City Hall. The agenda would include:

- The relationship between London and other UK cities
- An update on devolution
- A joint presentation on Skills involving Cllr Peter John OBE
- An update of funding; police, schools etc.

In the evening there would be a dinner for Executive members, hosted by the City at the Guildhall, involving the Metropolitan Police Commissioner Cressida Dick.

- Tuesday 11th July. London Councils Leaders' Committee AGM and business meeting taking account of the Queen's Speech

5. Nominations to Outside Bodies

The Executive agreed to note the report.

6. London Councils Corporate Business Plan 2017/18

The Executive agreed to note the report.

7. Urgency report

The Executive agreed to note the report.

8. Consolidated Pre-Audit outturn 2016/17

The Director of Corporate Resources introduced the report saying that these outturn figures would be submitted to the auditors. There was an overall surplus of £3m, somewhat higher than anticipated due to receipts in the TEC accounts exceeding expectations in relation to income from the Lorry Control scheme and Freedom Pass for replacing lost cards.

Cllr Ray Puddifoot MBE complemented the author on a comprehensive report but raised his concern over the level of reserves considering the level of pensions' deficit which had risen from £10m to £17m. He would have liked to have seen a higher level of reserves. The Director of Corporate Resources replied that the current level of reserves was comparable to previous years but agreed that the issue should continue to be considered in determining future financial strategy.

The meeting ended at 11:00am