LONDON COUNCILS

LONDON COUNCILS JOINT COMMITTEE

CONSOLIDATED STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2017

LONDON COUNCILS - JOINT COMMITTEE

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About London Councils

London Councils represents London's 32 borough councils and the City of London.

It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion.

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

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

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

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

A Focal Point for London Local Government

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

To ensure that our member authorities have influence in the decisions made at pan-London level that impact on them and the communities they serve, London Councils is engaged in a series of collaborative mechanisms for shaping the way issues are taken forward across London. Working with the Mayor and other London partners, London Councils nominates – on a cross party basis – members to serve on boards such as:

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

Some of these have statutory underpinning. The overall progress of these is monitored jointly by the Mayor and borough Leaders. The Mayor and borough Leaders meet twice a year in the Congress of Mayor and Leaders; and the London Councils Executive – augmented by sub-regional partnership representatives – meet with the Mayor in the Congress Executive.

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

London Councils was also instrumental in establishing the All Party Parliamentary Group (APPG) for London, originally in May 2015, set up to promote London in the interests of all of its people, places and businesses as a global city and powerhouse of the economy. Since then the APPG for London has met regularly to explore a London approach to key areas of the devolution agenda, housing, transport, welfare and infrastructure, including transport and connectivity. London Councils provides the secretariat to the group on behalf of London government, including the Mayor of London.

Devolution and Public Service Reform

For a number of years now, London Councils, in partnership with the Mayor and the boroughs, has worked with partners across London and beyond, to promote the benefits of further devolution of a range of powers, resources and responsibilities, to better meet the challenges of a growing city and ongoing fiscal restraint.

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

The government also agreed the ambition that local government should retain 100 per cent of growth in the business rates that it collects by 2020 and London Councils has been leading work to translate these ambitions into a set of principles that can underpin discussions with government on a devolved approach to setting, collecting and managing business rates in the capital.

A significant further step in the journey towards devolution was taken by the government in March when the Chancellor announced, as part of the spring budget, a Memorandum of Understanding (MoU) on further devolution to London. London Councils was a signatory to that MoU.

It signalled the government's agreement to London Government – the boroughs and the Mayor – receiving additional responsibilities over: transport, health, criminal justice, skills and employment support in the capital.

Resources

Ensuring our member authorities have the resources to secure the services their residents need, while continuing to support the capital as a national asset, is central to London Councils' work. Our Finance, Procurement and Performance team work with Treasurers and others across the capital to make the case for boroughs to be sufficiently resourced in terms of both specific funding streams and their overall resources base, including through locally raised taxes. In 2016/17, we:

- Continued lobbying for the retention of business rates for London – London Councils has engaged with central government and the DCLG/LGA working groups around design of reforms for 100 per cent retention of growth in business rates. The government has responded positively to the joint London Government proposals and committed, as part of the wider memorandum of understanding on devolution to London, in Spring Budget 2017 to exploring options for granting London government greater powers and flexibilities over the administration of business rates, including exploring the piloting of a London business rates pool in 2018/19.

- Lobbied for specific recognition of pressures in London following the business rates revaluation – including through the consultation on the transitional relief arrangements. The government subsequently announced additional funding through a local discretionary fund, with £124 million of the national funding (£300 million) coming to London over five years.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Lobbied for adult social care funding pressures to be fully funded at the 2016 Autumn Statement. In Budget 2017, the government announced that it had found an additional £2 billion nationally for adult social care over the next four years, announced in Budget 2017, of which London's share is £316 million. While this is unlikely to be enough to fully fund adult social care pressures in London, it reflects the fact that lobbying arguments proposed by the LGA, ADASS, London Councils and others about the adult social care funding pressures were recognised by government.

- Led the lobby to protect all schools from reductions in funding as a result of the new schools funding formula, up to a potential £245 million. The government subsequently published draft proposals with additional funding and protections, leading to significantly lower funding reductions for London than expected. Further extensive lobbying to ensure that a new funding formula should not leave any individual school facing a reduction in cash resources was undertaken. Further protections and commitments to education funding were subsequently included in the main parties' manifestos ahead of the 2017 General Election.

- As part of assisting and supporting borough finance teams, London Councils continued to produce a range of analysis and tools for boroughs to use as part of their financial planning.

Economic Development

London's local authorities play a vital role in promoting and sustaining the economic health of their communities, supporting local businesses and helping Londoners to gain the skills needed to thrive in a competitive and fast moving jobs environment. London's economy is vital to the national interest. London Councils has been making the case to government that further devolution of resources and responsibilities is key to unlocking the potential of London's communities and local economies to support national growth. In 2016/17, we:

- Negotiated the transfer of £70 million funding from government to boroughs working in sub-regional partnerships for the Work and Health Programme in London. London boroughs will design, commission and programme manage this devolved programme in London, which will support up to 55,000 Londoners.

- Secured Co-Financing Organisation (CFO) status for four lead boroughs for the European Social Fund (ESF) by getting government to change the national criteria. This will enable the London boroughs to add £65 million of ESF to the devolved Work and Health Programme in London, almost doubling the funding available.

- Supported boroughs and the sub-regions in the design and commissioning of the Work and Health Programme, including holding three market engagement and networking events attended by around 300 people.

- Secured commitment from the government for further discussions around reform and alignment of activities around employment, apprenticeships and careers in London, as part of the devolution Memorandum of Understanding (MoU) in March 2017.

- Secured commitment from the Deputy Mayor to the principle of joint governance of a devolved skills system in London and a series of joint activities between the Greater London Authority (GLA) and boroughs to prepare for skills devolution, should a deal be agreed.

- Supported the boroughs and sub-regions to jointly lead the Further Education (FE) and Adult Community Learning (ACL) reviews in London and oversee the implementation of the review's recommendations.

- Lobbied the government on its proposals for the apprenticeship levy and related public sector targets. The government maintained the uplift in funding for apprentices from disadvantaged areas.
- Held the London Borough Apprenticeship Awards to celebrate the achievements of apprentices in the London and achieved good publicity for this and developed a film showing London boroughs as a positive career choice for apprenticeships that is being used as a promotional tool by boroughs.

- Continued to lobby around the re-balancing of Arts Council England (ACE) funding away from London and to the regions. ACE announced a standstill settlement for London for 2018-22.

- Organised a major conference on the value of culture, as part of the London Culture Forum, attracting over 120 delegates.

- Held the fourth Small Business Friendly Borough Awards, in partnership with the FSB, that attracted the largest number of entries to date with 38 nominations from 23 boroughs.

Children's Services and Schools

London's boroughs have played a leading role in the transformation of education in the capital over the past 25 years, transforming the reputation of London's schools from among the worst performing schools of any region to the best in the country. The continued success of London's schools is all the more important given that the capital's young people enter a world of employment where they will compete against some of the world's best. London Councils works to support our member boroughs in ensuring young Londoners receive the education they need to succeed and works closely with groups, such as the Association of London Directors of Children's Services, on a wide range of issues in support of children, young people and their families. In 2016/17, we:

Led a highly effective and focused campaign based around a set of agreed 'asks'

- That all children receive a great education – every child in the country deserves this.

- That the government finds an additional £335 million for the schools that stand to lose through the National Funding Formula without taking money away from other schools.

- That the government revises the draft National Funding Formula to better reflect London's needs and to avoid a decrease in educational standards.

On school places, we:

- Published and briefed on Do the Maths 2016, our analysis of school places demand in the capital. London Councils demonstrated that a total of 110,365 new school places will be needed in London between 2016/17 and 2021/22 to meet forecast demand, consisting of 62,935 primary places and 47,430 secondary places. This is equivalent to creating 3,680 additional classes across London at an average rate of 600 new classes every single year.

On school funding, we coordinated and delivered a comprehensive campaign to seek greater funding protection for London schools that included:

- Responding to the two government consultations on the National Funding Formula (NFF) calling for all schools to be protected from cuts arising from the new formula.

- Working with the London Chamber of Commerce and Industry to alert London businesses of the threat that funding cuts to London schools could pose to economic growth in the capital.

- Direct political engagement with DfE Ministers and officials to ensure London's message was heard at the highest level.

- Sending 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.

- Campaigning to raise awareness of our concerns about the National Audit Office findings that schools face a real terms budget reduction in the coming years, as demographic growth and workforce costs place further pressure on a cash-flat budget.

- As secretariat for the APPG for London, helping organise two meetings 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.

- Our media team coordinated a high profile media campaign to focus on the issue of school funding in the capital that gained extensive coverage, including in: the Times Educational Supplement; the Financial Times; the Guardian; the Evening Standard, as well as on BBC News, Radio 4 and Channel 4 news .

London Councils' school funding campaign was successful in influencing the main parties' manifestos ahead of the general election 2017 to protect London's schools from the negative impact of the proposed NFF.

In addition, in support of children more widely, in 2016/17 we:

- Help boroughs coordinate humanitarian efforts to provide safety to several hundred unaccompanied minors in France to the UK, with several hundred new arrivals in London in the final few months of 2016.

- Led calls for the government to clarify funding support for newly arrived vulnerable children and ensure their smooth settlement in the UK, particularly in light of the fact that the capital is home to a third of children seeking asylum alone in England.

Young People's Education and Skills

London Councils hosts and supports the Young People's Education and Skills Board, the lead strategic body for 14 to 19 education and training in London, providing pan-London leadership for the current and future education and training needs of young people and employers. The board supports local authorities in undertaking their statutory functions and assists other stakeholders with planning, policy and provision.

Young People's Education and Skills works for London's boroughs and exists to guide and support them in developing their local strategic plans in tune with regional priorities. The board brings together key stakeholders from across London to help set the region's priorities to influence and shape the education provision on offer to young people. A small staff resource is based in London Councils to support the work generated by the board. In 2016/17 the team worked to further the board's key priorities to:

- Achieve full participation of everyone up to age 18.

- Continue implementation of ambitious reforms for young people with special educational needs and disabilities.

- Radically improve careers work.

Achievements in 2016/17 included:

- The further dissemination of London Ambitions, in partnership with the Greater London Authority (GLA), to ensure that all young people have access to good careers education, information advice and guidance.

- Supporting local authorities in London to promote Apprenticeship opportunities in local government through sponsorship of Skills London, the capital's biggest jobs and careers event for young people.

- Working with the boroughs of Bromley and Enfield to support local authority colleagues with implementing significant special educational needs and disability reforms.

- Commissioning research into the progression of young Londoner's into Higher Education to support boroughs to widen participation and improve social mobility.

London Ambitions

Young people are three times more likely to spend significant periods of time not in education, employment or training (NEET) if they are uncertain or unrealistic about their career ambitions. Last year around 100,000 16-24 year-old Londoners found themselves in that position. That's why we want to ensure that every young person has at least 100 hours of experiences of the world of work by the time they are 16. We know schools and colleges cannot do this on their own, which is why London Ambitions works with London's employers to make sure they are engaged with developing and supporting careers curriculums and get involved in school and college leadership by becoming governors.

Every London borough now has a London Ambitions ambassador, the next step is to see every school and college in London committed to becoming a 'London Ambitions' school or college.

Health and Adult Care

Through their adult social care services, London boroughs provide vital help and support to enable residents to live their lives as fully, independently and safely as possible, despite illness or accidents, old age, disability or vulnerability. With social care costs set to account for £6 in every £10 spent by boroughs by 2019, London Councils has consistently made the case to government to properly fund these vital services. Ongoing reforms to the NHS, the introduction of the Care Act and the transfer of Public Health responsibilities to local authorities, all contribute to changing and highly pressured health and social care environment across the capital. In support of boroughs in 2016/17, we:

- Actively lobbied government for an immediate injection of new cash into adult social care, including a joint letter with the Association of Directors of Adult Services and the society of London Treasurers, with an additional £2 billion announced in the March Budget, of which £124 million will come to London

- Developed consensus around an agreed set of practical measures to promote greater integration of health and care across the capital at a faster rate

- On behalf of London boroughs we have worked with London health and care partners to ensure borough interests are at the heart of the agenda, in particular on the integration of health and care, and have set up and secured an influential voice at new London level partnership meetings.

- Secured commitment from government to publish a second health devolution agreement, also announced in the March Budget.

- Lead the strategy to renew the uniquely successful London HIV Prevention Programme, now agreed for a further two years (until April 2019).

- Lobbied government and NHS England to ensure Pre Exposure Prophylaxis was commissioned by the NHS as a preventative treatment.

Policing and Crime

London Councils aims to ensure that the interests of Londoners, and their councils, are fully recognised in policing, in the development of community safety policies, and in the allocation of funding. In 2016/17, we:

- Ensured boroughs had a voice in the MPS's reform of local policing as part of 'One Met 2020'.

- Established a member-level Task and Finish Group to help influence a collaborative approach to taking forward MOPAC's changes to Crime Prevention funding.

- Worked with the London Community Rehabilitation Company to articulate boroughs' concerns and help shape a more locally responsive service.

- Published the London Gang Member Referral Guide, providing boroughs with a framework for councils and other agencies to effectively share information on gang members who move between boroughs.

- Continued to support and strengthen pan-London local authority emergency response and planning arrangements.

- Supported a collaborative approach, across boroughs, to preventing violent extremism, working through the relaunched London Prevent Board.

- Supported borough engagement in the London Crime Reduction Board and in particular in the development of the new Police and Crime Plan.

- Engaged with voluntary sector providers, MOPAC and the GLA to develop a joined-up approach to Women's refuge provision and practice.

- Backed boroughs in the development of the pan London housing reciprocal agreement to underpin support for women experiencing violence.

- Facilitated the exchange of best practice about tackling disproportionality in the youth justice system.

- Facilitated the exchange of best practice in understanding the links between violence and vulnerability and designing interventions.

Housing and Planning

London Councils has been at the forefront of highlighting the scale of London's housing crisis and supporting boroughs respond to that crisis – both in mitigating the impact on their communities and in controlling the costs of providing temporary accommodation to homeless and vulnerable households. In 2016/17 we:

- Responded to the government's Housing White Paper consultation outlining clearly the case for local government's central role in delivering the housing supply that London needs

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Responded to government consultation on capital finance regulations to make the case for allowing councils to retain Right to Buy receipts to invest in replacement homes.
- Demonstrated that allowing councils to retain 100 per cent of receipts would provide £450 million a year to invest in replacement homes.
- Called for red tape surrounding RTB receipts to be cut, to free up match funding opportunities.
- Appointed a contractor to help drive plans to boost housing across the capital by pooling skills and, where possible, resources to build more homes and maximise housing delivery through a Collaborative Delivery Vehicle.
- Lobbied against the introduction of 'pay to stay' proposals by government that would have adversely affected 28,000 London households. The government subsequently dropped pay to stay.
- Lobbied government throughout the passage of the Homelessness Reduction Bill, in particular that the costing estimates should be realistic and fully funded.
- Jointly with the Mayor of London pressed government to mitigate the impact of short term letting by ensuring short-term rentals comply with planning law. The market leader has now changed its terms in London to not allow users to flout the law.

Transport and Environment

London Councils works with boroughs and develops policy on a range of transport and environmental challenges affecting the capital, including strengthening local leadership for infrastructure investment and collaborating to allow boroughs to continue to provide services at current or improved levels at a time of ongoing fiscal constraint. In 2016/17, we:

- Established jointly with the Thames Regional Flood and Coastal Committee (Thames RFCC), the Environment Agency and local authorities in and outside London a new LLFA (Lead Local Flood Authority) Project Advisor Team fully funded by levy from the Thames RFCC. The team of five officers and a project leader will help councils deliver their existing schemes and help them secure further funding to better protect their communities from flooding.
- Influenced Defra's litter strategy and 25 year environment plan.
- Created opportunities for borough officers and members to influence mayoral strategies before consultation drafts were being published.
- Ensured that Local Implementation Plan (LIP) funding was protected for the current TfL Business Plan period until 2021.
- Achieved the re-classification of LIP funding from revenue to capital, ensuring greater flexibility of budgets for TfL and greater confidence in availability of funding for the boroughs.
- Undertook public polling on air quality issues, which has informed our understanding of Londoners perception and influenced our consultation responses.
- Gave evidence on the London bus network, congestion in London; and on the capital's green spaces.
- Supported and enabled the introduction of newly introduced fixed penalty notices for fly tipping at £400, the upper limit agreed by central government.

- Secured a seconded officer to develop the Go Ultra Low City Scheme (GULCS) project proposals and invited expressions of interest from boroughs in installing chargepoints.

Produced a video on flood risk, raising awareness of the issue and what members of the public should do.

With regard to infrastructure in the London region, we improved joint working with the wider South East, including:

- Agreeing list of 13 transport projects for joint lobbying
- Holding a joint annual summit to discuss London's growth
- Sending a joint letter and subsequently meeting with the minister for housing and planning to discuss the barriers to housing delivery further
- Holding a successful event for boroughs highlighting the benefits of the wayleave toolkit developed by the City of London to speed up delivery of high speed broadband to businesses and homes
- Responding to the National Infrastructure Commission call for evidence on its National Infrastructure Assessment, reiterating, among other things, the importance of Crossrail 2 and other major transport infrastructure for London

Our Services

In addition to working on behalf of our member boroughs' interests across a range of areas, in some specific instances London Councils provides a number of direct services to Londoners and London organisations on behalf of member authorities.

Transport and Environment Services

London Councils works with London local authorities and others to support the provision of transport and environment services: In 2016/17 we:

- Secured the Local Implementation Plan funding settlement for boroughs to deliver transport priorities.
- Secured a reclassification of TfL funding for boroughs from revenue to capital, which enables TfL to pass on capital funding to boroughs.
- Provided a series of opportunities for boroughs to influence and 'co-create' policy for the new Mayoral transport and environment strategies.
- Undertook public polling research on air quality to inform our policy work.
- Secured a new officer resource working with the Thames Regional Flood and Coastal Committee for London boroughs in developing capital projects to improve flood risk management.
- Secured a seconded officer to develop the Go Ultra Low City Scheme project proposals and invited expressions of interest from boroughs in installing chargepoints.
- Produced a short video explaining the risks of flooding for residents and businesses and how they can prepare.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Ensured boroughs' views are heard by Defra on its 25 year environment plan, the funding formula for new flood risk management capital projects, and littering penalties.
- Shared London's experience with Defra on littering from vehicles.
- Wrote to the Secretary of State for Transport supporting rail devolution.
- Contributed to the draft London Sustainable Drainage Action Plan.
- Responded to consultations on:
  - The Mayor's Phase 1 and 2 air quality consultations
  - Environment, Food and Rural Affairs Committee inquiry into disposable packaging
  - Department for Transport's Walking and Cycling Investment Strategy
  - Parliamentary Transport Select Committee inquiry into Urban Congestion
  - West End bus consultation
  - London Assembly Transport Committee investigation into bus networks and bus safety
  - Transport Select Committee Inquiry into the Rail Passenger Experience
  - London Assembly Transport Committee inquiry into Energy and fuel poverty
  - Department for Business, Energy and Industrial Strategy Heat Network Investment Project
  - Environmental Audit Committee call for evidence on Treasury policy on meeting recycling targets
  - London Assembly Transport Committee investigation into congestion in London
- Gave evidence to:
  - The London Assembly Environment Committee on green infrastructure and burst water mains
  - The London Assembly Transport Committee investigation on buses.

Freedom Pass

The Freedom Pass allows free travel across London and free bus journeys nationally for older and disabled Londoners. It has been funded by the boroughs since 1986 and is administered on their behalf by London Councils. In 2016/17, we:

- Negotiated and agreed the Freedom Pass settlement for the 2017/18 with Transport for London (TfL), successfully achieving an annual reduction in the settlement for the first time in the scheme's history.
- Successfully negotiated a further two year Freedom Pass settlement agreement with the Rail Delivery Group (RDG) until March 2019, subject to annual review and 6 months' notice, when RDG are ready to move to a journey-based model.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Negotiated and published the 2017/18 London Service Permit (LSP) Concessionary Scheme for Freedom Pass with local bus operators (non-TfL buses).
- Calculated and agreed the apportionment of 2017/18 Freedom Pass costs to boroughs.
- Completed the renewal of approximately 140,000 Freedom Passes which expired in March 2016.
- Implemented an online payment portal for replacement Freedom Passes.
- Retendered the Freedom Pass support services contract and agreed the award to the incumbent supplier.

Taxicard

The London Taxicard scheme provides subsidised door to door journeys in licensed taxis and private hire vehicles for London residents who have serious mobility or visual impairments. It is funded by the London boroughs and Transport for London and managed by London Councils on their behalf. In 2016/17, we:

- Implemented a charge of £10 for lost and damaged Taxicards and developed an online payment portal.
- Agreed TfL funding for Taxicard for 2017/18.
- Started the procurement process for the Taxicard delivery contract, working with TfL to jointly procure Taxi and PHV services for both Taxicard and Dial-a-Ride.
- As part of the joint procurement excise and alignment of the schemes, carried out a consultation with all Taxicard members to help assess what changes might be made, receiving 15,000 responses (23 per cent).
- Responded to the London Assembly review of personal travel budgets for mobility schemes.

London Lorry Control Scheme

The London Lorry Control Scheme controls the movement of heavy goods vehicles over 18 tonnes maximum gross weight at night and at weekends. The scheme is in place to help minimise noise pollution in residential areas during unsocial hours through restricted use of these roads. In 2016/17, we:

- Continued to manage the London Lorry Control Scheme, issuing permits and enforcing to ensure compliance.
- Completed the retender of the back office case management computer system, which has involved the development of many system improvements and efficiencies.
- Commenced the most significant review of the London Lorry Control Scheme since its commencement over 30 years ago.
- As part of the review, formed a steering group and working group, held an operators' work shop event and completed an operator survey to help inform the review recommendations.

Traffic and Parking

London Councils works to support the delivery of effective and consistent traffic and parking policies and operations in London. In 2016/17 we:

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues, including the holding of relevant forums.
- Represented borough interests at the following groups and forums:
  - London Freight Forum and Freight Forum Steering Group
  - London Technical Advisors Group (LoTAG) Transport
  - TfL's Lane Rental Governance Committee
  - Local Authority Partnership
  - BPA – Local Authority Special Interest Group
  - London Tourist Coach Action Plan Group
  - London Automotive Forum
  - Urban Freight Working Group
- Worked on the updating of the parking code of practice for borough officers.
- Reviewed and updated the parking contravention codes list.
- Held Traffic Control Liaison Committee meetings between TfL and boroughs to discuss the implementation and maintenance of traffic signal and control equipment.
- Facilitated seminars, workshops and the sharing of good practice for the better coordination of Car Clubs across London.
- Led the Sharing Skilled Transport Staff initiative, helping to ensure better use of limited skilled resources across London.
- Helped facilitate discussions surrounding electric vehicle charging point agreements with boroughs.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- Published a code of practice for the erection of traffic signs and lighting on buildings to allow boroughs and TfL to adopt new powers, which will make it easier for them to reduce street clutter.
- Worked with boroughs and the Source London contractor to ensure consistent contracts were agreed for the provision and maintenance of electric vehicle charging points across London.
- Worked with the GLA and TfL on the Go Ultra Low City Scheme (GULCS), which will significantly increase the number of on-street electric vehicle charge points in the capital.

- Worked with the British Parking Association (BPA) to discuss the need for consistent open parking data standards.

- Lobbied for amendments to the proposed Parking Places (Variation of Charges) Bill, to minimise increased administrative burdens on London local authorities.

- Updated and published part 1 of the parking code of practice.

- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.

Health Emergency Badge

The Health Emergency Badge (HEB) is for people involved in the delivery of primary healthcare attending medical emergencies in patients' homes. All London boroughs have agreed to the scheme, although it is not a mandatory provision and it is offered entirely at the discretion of London parking authorities. In 2016/17, we:

- Continued to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.

TRACE

TRACE is online service for anyone whose vehicle may have been towed away for illegal parking by any council in London. The web service is available 24 hours a day, 365 days a year. It is administered by London Councils on behalf of member authorities. In 2016/17, we:

- Continued to manage and operate the TRACE service, seeing a significant take up of the online portal rather than use the telephone service.

LEPT

The London European Partnership for Transport (LEPT) was established in 2006 to coordinate, disseminate and promote the sustainable transport and mobility agenda for London and London boroughs in Europe. One of LEPT's main roles is to identify, bid for and manage EU transport and mobility projects involving London boroughs which support their local priorities as well as fitting into the Mayor's Transport Strategy. In 2016/17, we:

- Submitted the final technical and financial reports for both STARS and PTP-Cycle projects in accordance with the contractual deadlines and received all final payments.

- Continued to monitor European funding and knowledge exchange opportunities, and briefed boroughs accordingly, disseminating six funding briefings (H2020, Interreg, Interreg NWE, LIFE, and URBACT & UIA).

- Coordinated a bid on digital personalised travel planning, entitled PTP-Commute, under the Horizon 2020 calls for proposals. The first stage bid was submitted on 25 January 2017. LEPT have since been informed that the first stage bid process was successful so work will continue into the second stage.

- Brokered a place for the London Borough of Croydon in H2020 calls for proposals. LEPT are awaiting a response in regards to whether the proposal was successful.

- Provided a letter of support as an associated partner of the ELeVATe project.

- Gave briefings at nine sub regional partnership meetings, meaning 28 Boroughs updated in person by LEPT on ad hoc bidding and funding opportunities over the year.

- Attended EU workgroups, seminars and conferences on a wide variety of sustainable transport issues.

- Successfully applied for a seat on the POLIS (one of the EU's leading transport networks) Management Committee.

London Tribunals

London Tribunals (formerly the Parking and Traffic Appeals Service (PATAS)) was established by the Road Traffic Act 1991 to provide the administrative support to the Environment and Traffic Adjudicators. The service continues to provide this support under the Traffic Management Act 2004 and, since 2003, to the Road User Charging Adjudicators. London Tribunals also provides support for the hearing centre based at Chancery Exchange in Holborn. In 2016/17, we:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators to enable them to fulfil their statutory duties in relation to approximately 40,000 environment, parking and traffic appeals and 6,000 road user charging appeals.

- Completed the support service contract transition to ensure the new system and service provider are fully operational and meeting performance targets.

- Successfully retained the GLA contract for the provision of the RUCA service, following a competitive tender process.

- Restructured the administrative support services and appointed a new Head of Support Services to manage the day to day running of the tribunal support services.

London Boroughs Grants Programme

The London Councils Grants Programme, overseen by the Grants Committee, funds third sector organisations to deliver outcomes agreed by the boroughs

During 2016/17, the Grants Programme helped people affected by sexual and domestic violence to rebuild their lives:

- 629 sexual and domestic violence survivors were supported through emergency refuge provision and related outreach.

- 11,803 sexual and domestic violence survivors supported through counselling and advice.

The programme also helped homeless people and those at risk of homelessness:

- 10,873 young people at risk of homelessness were supported including 667 young people who were prevented from sleeping rough by accessing emergency accommodation.

2016/17 was the last year of the programme originally agreed in 2013. The performance of that programme was reviewed, based on a range of evidence sources and extensive consultation with boroughs and other stakeholders, as part of considering the future of the programme.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Having carried out this evaluation, the Grants Committee recommended to the Leaders' Committee that there should be a new cycle of the Programme in 2017-21, that this should continue to address homelessness (priority 1), sexual and domestic violence (priority 2) and poverty - through employment (priority 3). It considered that capacity building in the third sector, priority 4 in the 2013-17 programme, could not be justified on value for money grounds for 2017-21, given the current severe constraints on local authorities' finances.

The Leaders' Committee agreed this recommendation and instructed officers to establish a new programme for 2017-21 on that basis.

Priority 3 (jointly funded by European Social Fund) was commissioned in summer 2016 and six projects are delivering in all boroughs in London.

Funding for priorities 1 and 2 was advertised in autumn 2016 and the Grants Committee made decisions on the awards to providers to start work in early 2017/18. London Councils is working with these providers to establish the new projects.

Reports on the performance of the Programme help proper scrutiny of services both at the London level and on a borough-by-borough basis. In addition, providers are expected to make their project visible to members and key officers in all boroughs.

In addition to priority 3, London Councils is establishing projects that are jointly funded by individual boroughs or partnerships of boroughs and ESF to help long-term unemployed and economically-inactive residents into employment and help people improve low skills. These are coming on stream in 2017.

London Care Services

London Care Services (LCS) is a subscription based scheme that negotiates the price of services for looked-after children and carries out due diligence checks on the providers. The services are then made available to subscribing boroughs through a single Model Contract. Currently, all 33 London boroughs and five other authorities subscribe. There are 76 providers and 123 services on the LCS Model Contract for 2017/18.

The Association of London Directors of Children's Services oversaw a review of LCS in 2016/17. This concluded that the bulk purchasing power of LCS was effective in providing value for money services for looked-after children to the boroughs. It decided that applications should be invited to potential new providers to join LCS. This will provide additional providers and services to subscribing authorities in 2017/18.

NOTIFY

NOTIFY is an IT system that enables boroughs to exchange information when one authority places a homeless household in temporary accommodation in another borough. Homeless households are at particular risk of missing out on health, education and social services and may at times have to be placed in temporary accommodation at some distance from their original home. NOTIFY can ensure that households receive the services they need by notifying the relevant agencies when they move into, between and out of temporary accommodation.

NOTIFY has been reviewed by boroughs and London Councils is currently making changes to ensure the service is up to date with legislation and fulfils boroughs' related needs.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Capital Ambition

London Councils is home to the Capital Ambition programme that has its roots in the regional improvement and efficiency partnership for London that invested around £34 million in funding for projects in all London local authorities between 2008 and 2013.

Since then, Capital Ambition has continued to oversee and support a wide range of innovative projects, programmes and workstreams to support local government improve outcomes for Londoners. Over the past year the programme has concentrated on the delivery of a number of key work streams, with a particular focus on the second phase of the London Ventures innovation partnership that is powered by EY and delivered by London Councils. .

Some of the key London Ventures achievements over the past year include:

- The successful award of the London Ventures contract to EY. With a contact worth £1 million there is a renewed focus, vision and ambition for the programme with a particular emphasis on trying to directly tackle some of London public services' most significant challenges.

- The launch of an additional six new general venture partners offering a wide range of innovative products and services that can improve service delivery and outcomes.

- The roll out of the targeted ventures programme, a focused strand of London Ventures seeking to address some of the key challenges and issues facing London local government. The first iteration of targeted ventures is addressing homelessness, temporary accommodation and housing.

Through the homelessness, temporary accommodation and housing targeted ventures process there have been a number of think tank sessions engaging with central government, local government, third sector, housing providers and private sector innovators and investors. An inaugural 'hackathon' in March 2017, involved a broad cross section of participants working collaboratively to share ideas, knowledge and existing best practice to address specific challenges around temporary accommodation and homelessness. The best concepts will be supported through the programme.

In addition to this the Capital Ambition Board continues to support London's local authorities by:

1. Testing the application of behavioural sciences to manage citizen demand and reducing the pressure on public services through working with the Behavioural Insights Team.

2. Supporting health and social care integration across London.

London Ventures Case Studies:

London Counter Fraud Hub

The most recent estimates show that councils were defrauded of £2.1 billion each year nationwide, including £133 million in council tax discount fraud. Around £57 million of this was in London.

The amount of money boroughs and communities stand to gain from successful fraud recovery and prevention therefore is considerable.

The London Fraud Prevention Hub is a pan-London data exchange to ensure local authorities are making maximum use of their own records to fight fraud such as procurement deception, council tax evasion and illegal council housing tenancy sub-lets.

The hub matches local authorities' data with records held throughout the capital to prevent fraud and identify losses for investigation and recovery.

Following a procurement originated and led by Ealing Council, the Chartered Institute of Public Finance and Accountancy (CIPFA) has been appointed to provide data analytics for the London Counter Fraud Hub. The hub received a Department for Communities and Local Government grant to support its initial development and the contract with CIPFA will operate on a payment-by-results basis.

The London Ventures programme supported the development of the hub, including coordinating the signing of the memorandum of understanding among all the boroughs, supporting the development of the DCLG grant application and ongoing communications support.

Fiscal Technology

FISCAL Technologies Ltd. is a UK based company with more than 240 international customers.

All councils are exposed to potentially high levels of losses through overpayments and fraud. AP Forensics® is a preventative software solution which enables the Council's Accounts Payable team to perform comprehensive checks prior to payment. The software analyses accounts systems and highlights potential overpayments, supplier fraud, process errors and compliance issues.

Fiscal Technologies has already saved more than £25 million across 15 London councils since 2013.

The London Ventures programme has helped to provide boroughs with access to preferential rates.

Xantura Children's Safeguarding Profiling

Xantura's Children's Predictive Safeguarding Model brings together data from multiple agencies to identify children who are most at risk of neglect or abuse, and who were not previously known to the local authority, to help social workers intervene early.

The model brings together data from multiple agencies and applies risks scores to predict, for children under two years old, the likelihood of them being neglected or abused by the age of five. The entire system is used to support the professional judgement of social workers – not to override it. In the longer term this model should strengthen safeguarding across London's local authorities, help more families to have greater independence from intervention, and improve families' quality of life, while also cutting costs. Some key outcomes include:

- Improved access to multi-agency data, leading to increased efficiency in safeguarding teams, equating to circa £148,000.
- Identification of families and children at an earlier point than currently, leading to more targeted, effective interventions and a potential reduction in the number of safeguarding cases. This could amount to cost avoidance of over £700,000.
- Increased identification of Troubled Families. One LA has already identified almost 400 additional families to receive support through their TF programme. These increased efficiencies should offer savings of circa £122,000 from increased efficiency in Trouble Families (TF) teams.
- In Hackney, Xantura's profiling model has a positive predicted value of 81.5 per cent
- The London Ventures programme has helped with the development of the Children's Safeguarding Profiling model by piloting the service with a number of London borough.

London Self Improvement Board

London Councils encourages and co-ordinates mutual challenge and support between boroughs designed to help further improve performance through supporting the London Self Improvement Board (SIB).

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The Board provides Leaders' Committee and the Chief Executives London Committee (CELC) with advice on putting robust tools and techniques in place to identify areas of key risk to performance across London local government and seeks to drive improvement. This is intended to trigger remedial action both within a London context and, if necessary, in partnership nationally with the Local Government Association (LGA).

London Councils and the LGA work together to ensure that the package of self-improvement and leadership support on offer in London brings together a complementary balance, of the national picture with London specific issues.

Since 2013, SIB has identified key risk areas where it wishes to concentrate its efforts; Adult Social Care, Children's Social Services and the overall financial and corporate health of individual authorities. London Councils provides a bridge between the professional networks that exist in these service areas to political networks and the political leadership of London local government. The SIB meeting process has helped to strengthen relationships between chief executives playing lead theme roles and leading members of professional networks in London.

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

SIB believes it is valuable for the sector to demonstrate a consistent approach to self-improvement and that councils are inviting a level of challenge from their peers to show that they are open to identifying performance challenges and acting upon them. These are the principles behind the CE2CE and T2T peer review programmes that London Councils manages on behalf of SIB and which continue to be highly valued, with participation rates increasing in both programmes last year.

We also continued to provide a highly regarded HR Metrics Service to the London local government HR community – with an overall review rating of 96 per cent in a mini-survey of member boroughs. The service was also shortlisted for two national PPMA Awards for Partnership and Innovation.

Procurement

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

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

The board draws on the expertise of its membership which includes representatives from London Councils, the Society of London Treasurers, the London Heads of Procurement Network and sub-regional shared services groupings. In 2016/17, we:

- Continued to share contract and spend data through the London contracts register and spend analytics tools.
- Encouraged Heads of procurement and staff to use the Society of Procurement Officers website in Local Government as a tool for information and exchange
- Provided support and advice for a number of pan-London procurement projects including: GLUCS Go Ultra Low City Scheme and the Apprenticeship Levy

- Updated internal procurement tool kit and processes

Adding Value for London's Boroughs

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

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

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

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

Capital Ambition, London's improvement and efficiency partnership and sponsor of the innovative London Ventures programme.

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

London Councils was also instrumental in the creation of a new collective investment vehicle for Local Government Pension Scheme (LGPS) funds, the **London CIV**. The London CIV, established by London Councils and initially chaired by Mayor Jules Pipe, was created to help reduce costs and improve investment returns for LGPS funds across the capital. In November 2015 the London CIV became the first such scheme to be fully authorised in the UK by the Financial conduct Authority.

London Councils also provides a key interface between boroughs, the London Resilience Group, the Greater London Authority (GLA) and a range of services on issues around **city management and resilience**.

Events and Awards

The London Summit – Our annual flagship event is free to all London members and senior borough officers. Our 2016 Summit - held on Saturday 21 November at the City of London's Guildhall - saw hundreds of delegates - councillors of all political parties from the 32 London boroughs and the City of London, as well as representatives from the business, public and voluntary sectors - gather to engage in debate and share experiences from across the capital.

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

The London Borough Apprenticeship Awards: Established in 2011 to showcase the value of apprenticeships to London boroughs, how borough staff have contributed to apprentices' success and how boroughs are helping to maximise apprenticeship opportunities with contractors and suppliers. The winners of the 2016 awards were announced at a ceremony at the Tallow Chandlers Hall on 16 September. The 2016 winners in the various categories were: Apprentice of the Year - Ryan Emmerson (Sutton); Best contribution by a new apprentice - Tom Torode-Sims (Bexley); Best progression by an apprentice - Shane Elliot (Ealing); Best manager or mentor - Davina Pandya (Hounslow); Best work with supply chains and/ or small businesses to create new apprenticeships – Southwark.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The Small Business Friendly Awards - organised by London Councils and the London Region of The Federation of Small Businesses (FSB) the awards are an opportunity to celebrate projects or initiatives delivered by the London boroughs that have a positive impact on London's small business community. The Best All-Round Small Business Borough in 2016 was Wandsworth, recognised for its wide range of support for small businesses and start-ups in the borough, while Havering was highly commended in the same category. Other 2016 winners were: Merton - Best Small Business Procurement to Support Local Trade; Lambeth and Sutton (joint winners) – Best Programme of Support for Small Business; Cllr Brian Coleman, Hammersmith and Fulham – Best Small Business Champion (member); Jenni Asiama, Wandsworth – Best Small Business Champion (officer).

Keeping You Informed

Website – London Councils' website was visited by just under 1 million unique visitors and had 4.2 million page views in 2016/17.

Key Issues – our weekly e-newsletter, sent to more than 19,000 subscribers across the capital each Wednesday morning, provides a quick summary of the issues affecting London local government and the evolving policy landscape in the capital.

Member Briefings – our member briefing service provides members with timely policy analysis and information across all our main policy themes directly to their inbox. Improvements to our website enable members to edit and amend their preferences more easily than ever before. In 2016/17 we sent 71 policy briefings to subscribing members.

Parliamentary Briefings – we regularly brief MPs and Peers on government bills that affect London boroughs. In 2016/17 these included briefings in support of our lobbying work on several bills including the Local Government Finance Bill; Housing and Planning Bill and Homeless Reduction Bill.

Twitter – London Councils' Twitter account @londoncouncils has more than 18,000 followers who receive up-to-date news on all the latest developments in London local government as they happen.

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

Policy reports – London Councils publishes a comprehensive range of policy reports providing data, analysis and recommendations on key policy challenges in the capital.

LOOKING FORWARD TO 2017/18

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

London Councils is the collective voice for London local government. It seeks to be an influential advocate for the interests of boroughs, promoting both councils' leadership of their places and of a broad range of public services on behalf of their localities. London Councils fights for the resources, powers and freedoms that boroughs need to play that role.

- London Councils is a hub for co-ordination and co-operation between boroughs collectively as well as a focus for mutual challenge and support designed to drive efficiency and future improvement on behalf of Londoners.

- London Councils is a focal point for brokering the collective relationship between London local government and partners and stakeholders nationally and within London, including Government, the Mayor and wider London public services.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- London Councils facilitates the development of shared London local government initiatives, campaigns and services. This includes the direct delivery of a defined range of services, as well as acting as an incubator for other shared activities.

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

1) Resourcing London

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

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

2) Shaping London and its localities

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

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

3) Reforming London's Public Services

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

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

4) Supporting London to Deliver

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

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

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

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

- ensure that borough influence on national policy – with Government political parties generally and other national partners – is strong and credible;
- ensure that London local government secures a critical role in the governance of London overall and that its indispensable contribution to effective leadership of the City is reflected in evolving structures and ways of working;
- work with wider partners – including other major city areas – to develop a clearer understanding of the interdependence of London and other parts of the country and to see that reflected in the evolution of policy.

Directorate Work Programmes

Our Directorate Programmes detail the range of work that will support our overall objectives, all of which relate in some way to our over-arching themes of resourcing London, shaping London and its localities, reforming London's public services, supporting London to deliver and influencing and strengthening London local government's wider contribution. These work plans can be found on our website www.londoncouncils.gov.uk .

The way we work

Underpinning the way we work is the following set of principles:

- We are a cross party, politically led organisation motivated by our common commitment to the interests of London and London local government;
- We seek to harness the power that comes from the practice and the people of our member authorities – individually and in groupings of boroughs;
- We work closely with a range of public, private and third sector partners across London and more broadly to secure our aims;
- We work in partnership with the national Local Government Association and seek mutually to reinforce our respective work on local government's overall behalf;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- We strive continuously to improve the efficiency and effectiveness of our organisation on behalf of our member authorities and seek to make London Councils an attractive and challenging place for people to develop their careers.

Organisational Implications

In addition to the steps already taken to reflect the outcome of the London Councils Challenge, we shall continue to adapt the organisation and its way of working to reflect the findings. We will:

- develop our operational model and organisational development framework in a way which engages with staff;

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

- further equip ourselves with the skills, knowledge and competences required to support London local government in this critical period;

- continue to create an environment in which we continue to attract talented people and challenge them to deliver outstanding performance;

- working with members to review other key operations, accountability and governance mechanisms to enable continued strong political leadership of our work that is transparent and rooted in clear legitimacy.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Financial Review

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

Financial information

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

- Statement of Responsibilities for the Statement of Accounts (page 29);
- Consolidated Expenditure Funding Analysis (page 39)
- Consolidated Comprehensive Income and Expenditure Statement (page 40);
- Consolidated Movement in Reserves Statement (pages 41);
- Consolidated Balance Sheet (page 42);
- Consolidated Cash Flow Statement (page 43); and
- Notes to the Consolidated Accounts (pages 44 – 72).

Revenue expenditure

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

	Revised Budget £000	Actual £000	Variation £000
Expenditure	64,041	62,274	(1,767)
Income	(61,474)	(61,613)	(139)
Interest income and expenditure	(75)	770	845
Deficit for the year	**2,492**	**1,431**	**(1,061)**
Transfer from Reserves	(2,492)	(3,195)	(703)
Net Surplus for the year (including transfers from reserves)	-	**(1,764)**	**(1,764)**

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £1.978 million is split over the three funding streams as follows:

	Grants Committee £000	Transport, and Environment Committee £000	Joint Committee £000	Total £000
Total Expenditure	8,657	44,106	9,511	62,274
Total Income	(8,640)	(44,776)	(8,197)	(61,613)
Interest income and expenditure	29	248	493	770
Deficit/(Surplus) for the year	**46**	**(422)**	**1,807**	**1,431**
Transfer from Reserves	(563)	(293)	(2,339)	(3,195)
Net Surplus	**(517)**	**(715)**	**(532)**	**(1,764)**

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 49 and Appendices A and B on pages 73 and 74).

Grants Committee

The surplus of £517,000 is attributable to a break even result in relation to London Councils main grants programme and a surplus of £517,000 in the European Social Fund (ESF) match funded grants programme.

The break even position on the main grants programme is attributable to:

- an underspend of £47,000 in relation to payments for commissioned services during 2016/17; and

- a net overspend of £47,000 in relation to grants administration expenditure attributable to overspends of £50,000 in respect of salary costs and £35,000 for general running costs and central recharges, offset by £17,000 from investment income received on Committee reserves, an underspend of £14,000 in respect of the London Funders Group subscription attributable to the ESF programme, plus an additional transfer from reserves of £6,000 to cover the cost of the post providing support to the Third Sector from the start of March 2017. The net overspend position is primarily attributable to work surrounding the reletting of the commissions in accordance with the priority themes agreed by the Leaders' Committee, with effect from 1 April 2017.

For the ESF/borough funded commissions, the surplus of £517,000 is attributable to the new 2016-18 ESF programme, which started in November 2016. Payments of £846,000 have been made to providers; however, all of these payments are treated as payments in advance and therefore do not impact on the 2016/17 outturn figures. Similarly, 50% of this amount (£423,000) that is funded out of the £1 million boroughs contributions levied during 2016/17 is treated as deferred income and equally has no impact on the provisional results for the year. Administrative costs, estimated to be in the region of £123,000, including the contribution of £14,000 to the London Funders Group, have been incurred in respect of the new programme, for which grant of £63,000 is expected to accrue.

Transport and Environment Committee

A surplus on revenue activities of £422,000 has been posted for 2016/17 which, after a net transfer of £293,000 from reserves has led to an overall surplus after net transfers from reserves of £715,000. The surplus is due to:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

  The administration of the London Lorry Control Scheme overspent the budget of £674,000 by £54,000. This is attributable to additional salary costs of £20,000, registering debt at the County Court of £10,000, additional contract payments of £9,000, plus additional central recharges of £53,000, offset by an underspend on general office costs of £2,000. These overspends were offset by an underspend of £36,000 in respect of the review of LLC Scheme, which commenced towards the end of the financial year.

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

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

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

- **London Tribunals Administration (-£193,000)**

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

- **IT Systems Developments (-£150,000)**

  The budgetary provision of £150,000 was allocated in 2016/17 for IT developments within transport and mobility, with expressed intention of undertaking further developments to London Tribunals systems. These developments, which are still planned, did not take place in 2016/17. In large part, this was due to trialling a new approach to adjudicating statutory declarations and witness statements (the intended focus of the development work). This trial ended in April 2017 and London Councils intends to continue with the planned development work in 2017/18, which must be undertaken before full electronic data exchange, which will reduce processing work and costs, can be implemented for the benefit of Enforcing Authorities.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Net position on parking appeals (+£240,000)**

  There is a net deficit of £240,000 in respect of parking and traffic appeals. The number of appeals and statutory declarations heard during the year was 41,855 against a budget of 52,885, generating income of £1.307 million, £321,000 less than the budget estimate of £1.632 million. However, this is offset by a significant reduction in adjudicator, contractor and administration costs of £233,000. The throughput of appeals was 2.5 appeals per hour, compared to a budget figure of 2.76 and an actual figure of 2.43 appeals per hour for 2015/16. There has been an adjustment to the adjudication fees in the 2016/17 accounts to correct the historic timing difference between the period that appeals are heard and the payment of adjudication fees. A year-end accrual for £152,000 for unpaid adjudication fees has been recognised in the accounts to bring the accounting treatment in line with UK GAAP.

- **Running Costs/Central Recharges (+£117,000)**

  This overspend is primarily attributable to overspends of £21,000 for bank charges, additional central recharges of £28,000, general office expenses of £43,000, depreciation of £4,000 and £21,000 for rechargeable IT works for boroughs on parking systems.

- **Taxicard Administration (+£94,000)**

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

- Residual variances of +£64,000.

Joint Committee

The surplus of £532,000 is attributable to:

- **Employee Costs (-£134,000)**

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

- **Commissioning (-£278,000)**

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

- **Central Recharges (-£468,000)**

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

  - Recharges for communications staffing and running costs of £66,000;
  - Recharges for Corporate Governance functions, including that of the Chief Executive's Office of £55,000;
  - Recharges for Corporate Resources staffing, SLAs with the City of London, External Audit and general office costs of £106,000 to TEC and the Grants Committee; and

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

- **Externally Funded Projects (+£333,000)**

  There is a potential shortfall in funding in relation to the borough ESF funded programmes services that that was jointly funded by 26 participating boroughs over the period from 2008 to 2015. Work is continuing with funders to resolve the potential shortfall in income in respect of administrative costs, which has been revised down to £256,000, with the situation expecting to be concluded during the 2017/18 financial year. There is the risk of a similar position emerging in respect of the 2016-18 borough ESF programme, although as the programme, which started in November 2016, is on-going, there is greater scope to reduce administrative costs to minimise any potential loss. However, at this stage, it is prudent to establish a further provision of £77,000 to cover potential shortfalls in income in respect of the new programme, making a provision of £333,000 in total.

- Residual variances of £15,000.

Budget for 2017/18

On 6 December 2016, the Leaders' Committee approved a total expenditure budget for 2017/18 of £63.269 million, exclusive of the borough payments of £324.181 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £2.372 million were also estimated to be £63.269 million, leaving a projected balanced budget for the year.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

The Director of Corporate Resources has also:

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

Responsible Finance Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Committee at 31 March 2017 and of its income and expenditure for the year ending 31 March 2017.

F. J Smith

F Smith CPFA
Director of Corporate Resources

21 September 2017

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 21 September 2017, the statement of accounts were approved on behalf of the Committee.

Ron Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

21 September 2017

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.

- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioners model publications scheme and follows the definition for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and the agendas, reports, background papers and minutes of meetings are published under this scheme.

ANNUAL GOVERNANCE STATEMENT (continued)

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

- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 7 June 2016. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.

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

- **Reviewing the effectiveness of the Committee's decision-making framework -** The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 7 June 2016. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 2 June 2015. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.

- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in September 2016. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2016. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

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

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

- **Response to audit recomendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

Review of effectiveness

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

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

- The Audit Committee's review of the governance arrangements in place during 2016/17.

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

Areas for development during 2017/18

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2017/18:

Information Governance and Security

A new legal framework on data protection will apply in the UK from 25 May 2018. The framework takes the form of a regulation called the General Data Protection Regulation (GDPR) and replaces current legislation on data protection. Whilst the regulation has similarities with the existing Data Protection Act, it also places new obligations on organisations that hold personal and sensitive data. During 2017/18, London Councils will continue to improve its internal controls and procedures in relation to the governance and security of personal and sensitive data to ensure they are robust and comply with the new regulation. An internal audit review on information governance and security will be completed in 2016/17.

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

ANNUAL GOVERNANCE STATEMENT (continued)

Significant governance issues

There are no significant governance issues.

John O'Brien
Chief Executive

21 September 2017

Cllr Claire Kober OBE
Chair of London Councils

21 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE

We have audited the financial statements of London Councils Joint Committee (The Committee) for the year ended 31 March 2017 on pages 39 to 76. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Committee, as a body. Our audit work has been undertaken so that we might state to the members of the Committee, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Committee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Corporate Resources and auditor

As explained more fully in the Statement of Responsibilities for the statement of accounts, the Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Corporate Resources; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2017 and of the Committee's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (continued)

Matters on which we are required to report by exception

We to report to you if:

- the Annual Governance Statement set out on pages 31 to 36 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements.

We have nothing to report in respect of these matters.

Neil Hewitson
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2017

CONSOLIDATED EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2017

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by the Committee in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the various committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Consolidated Comprehensive Income and Expenditure Statement.

	2016/17 Net Expenditure Chargeable to Usable Reserves £000	2016/17 Adjustments between the Funding and Accounting Basis £000	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement £000	2015/16 Net Expenditure Chargeable to Usable Reserves £000	2015/16 Adjustments between the Funding and Accounting Basis £000	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
London Councils Grants Committee	(8)	25	17	(655)	35	(620)
London Councils Transport and Environment Committee	(805)	135	(670)	(723)	183	(540)
London Councils Joint Committee	1,033	281	1,314	312	422	734
Net Cost of Services	**220**	**441**	**661**	**(1,066)**	**640**	**(426)**
Financing and investment income and expenditure	(89)	859	770	(93)	851	758
Deficit / (Surplus)	**131**	**1,300**	**1,431**	**(1,159)**	**1,491**	**332**
Opening Usable Reserve Balance	(12,641)			(11,482)		
Deficit / (Surplus)	131			(1,159)		
Closing Usable Reserve Balance	**(12,510)**			**(12,641)**		

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

	Notes	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	8,657	(8,640)	17	8,889	(9,509)	(620)
London Councils Transport and Environment Committee	Appx B	44,106	(44,776)	(670)	46,405	(46,945)	(540)
London Councils Joint Committee	Appx C	9,511	(8,197)	1,314	13,594	(12,860)	734
Net Cost of Services		**62,274**	**(61,613)**	**661**	**68,888**	**(69,314)**	**(426)**
Financing and investment income and expenditure	8	865	(95)	770	862	(104)	758
Deficit on Provision of Services		**63,139**	**(61,708)**	**1,431**	**69,750**	**(69,418)**	**332**
Actuarial (gain)/loss on pension assets/liabilities	9			5,646			(3,896)
Other Comprehensive Income and Expenditure				**5,646**			**(3,896)**
Total Comprehensive Income and Expenditure				**7,077**			**(3,564)**

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

	2016/17			2015/16		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves (Restated) £000	Unusable Reserves (Restated) £000	Total Committee Reserves (Restated) £000
Balance at 1 April	**12,641**	**(23,152)**	**(10,511)**	**11,482**	**(25,557)**	**(14,075)**
Total Comprehensive Income and Expenditure	(1,431)	(5,646)	(7,077)	(332)	3,896	3,564
Adjustments between accounting basis and funding basis under regulations (note 7)	1,300	(1,300)	-	1,491	(1,491)	-
Increase/(Decrease)	**(131)**	**(6,946)**	**(7,077)**	**1,159**	**2,405**	**3,564**
Balance at 31 March	**12,510**	**(30,098)**	**(17,588)**	**12,641**	**(23,152)**	**(10,511)**

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

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

	Note	31 March 2017 £000	31 March 2016 (Restated) £000
Property, Plant and Equipment	10	1,525	1,722
Intangible Assets	11	13	1
Long Term Assets		**1,538**	**1,723**
Short Term Debtors	12	5,668	4,868
Cash and Cash Equivalent	13	16,817	16,852
Current Assets		**22,485**	**21,720**
Short Term Creditors	14	(10,472)	(9,904)
Provisions	15	(197)	(180)
Current Liabilities		**(10,669)**	**(10,084)**
Long Term Creditors	16	(507)	(490)
Provisions	15	(446)	(354)
Other Long Term Liabilities	9	(29,989)	(23,026)
Long Term Liabilities		**(30,942)**	**(23,870)**
Net Liabilities		**(17,588)**	**(10,511)**
Usable Reserves	17	12,510	12,641
Unusable Reserves	19	(30,098)	(23,152)
Total Reserves		**(17,588)**	**(10,511)**

The notes on pages 44 to 72 form part of the accounts.

F Smith CPFA
Director of Corporate Resources

21 September 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

	2016/17 £000	2015/16 £000
Net deficit on the provision of services	(1,431)	(332)
Adjustments to net deficit on the provision of services for non-cash movements	1,522	(1,213)
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(89)	(93)
Net cash flows from Operating Activities (note 20)	**2**	**(1,638)**
Investing Activities (note 21)	(37)	(727)
Net (decrease)/increase in cash and cash equivalents	**(35)**	**(2,365)**
Cash and cash equivalents at 1 April	**16,852**	**19,217**
Cash and cash equivalents at 31 March	**16,817**	**16,852**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies

a General Principles

The Statement of Accounts summarises the Committee's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

The Statement of Accounts has been prepared with reference to:

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

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

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

- The accrual basis of accounting;

- The following underlying assumptions;

  - Going concern basis.

- The following qualitative characteristics:

  - Relevance;
  - Materiality; and
  - Faithful representation.

- The following enhancing qualitative characteristics:

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

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

The accounting policies have been consistently applied.

b Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;

- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;

- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and

- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

1. Accounting Policies (continued)

e Contingent Liabilities

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

f Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Committee. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. flexi leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post Employment Benefits

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

1. Accounting Policies (continued)

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

- Liabilities are discounted to their value at current prices using, a discount rate of 2.8% (2015/16: 3.8%).

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

1. **Accounting Policies (continued)**

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

h Financial Instruments

Financial Liabilities

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

Currently the Committee has no borrowings.

Financial Assets

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

1. Accounting Policies (continued)

i Government Grants and Contributions

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

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

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

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

j Intangible Assets

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

k Interest Income

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

l Interest in Companies and Other Entities

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

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

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

1. Accounting Policies (continued)

m Leases

Finance leases

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

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

- A finance charge.

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

Operating leases

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

n Overheads

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

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

o Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

- the purchase price; and

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

1. Accounting Policies (continued)

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

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

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

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

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

p Provisions

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

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

q Reserves

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

1. Accounting Policies (continued)

r Value Added Tax

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

2. Restatement of Comparatives

The 2016/17 Code has introduced a requirement to include a new Consolidated Expenditure and Funding Analysis in the financial statements and revise the format of the Consolidated Movement in Reserves Statement. These changes do not have a financial impact on the Total Comprehensive Income and Expenditure or the Net Assets for the year.

The 2015/16 comparative of Short Term Creditors has been restated to more accurately reflect the payment profile of premises costs. The comparative figure for *Other local authorities* has been reanalysed by decreasing the amount due in less than one year by £490,000, with a corresponding adjustment in amounts due after one year. The restatement has led to a decrease in Current Liabilities from £10.574 million to £10.084 million and Long Term Liabilities has increased from £23.38 million to £23.87 million. There is no impact on the income and expenditure for that year or overall net liabilities.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) has introduced changes in accounting policies which will be required from 1 April 2017. If these had been adopted for the financial year 2016/17 there would be no material changes to the Committee's accounts as detailed below.

IAS17 Statement of Cash Flows – There has been a narrow scope amendment to this standard which require entities to provide a reconciliation of the amounts in the opening and closing Balance Sheet for each item for which cash flows have been, or would be, classified as financing activities and disclose matters that are relevant to understanding the entity's liquidity, such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances. This amendment will not have a material impact on the Committee's accounts.

Amendments to IFRS10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates and Joint Ventures – The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. These amendments do not apply to the Committee as it is not an investment entity.

4. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

4. Critical Judgements in Applying Accounting Policies (continued)

Government Funding

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

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

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

The items in the Committee's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.678 million. However, the assumptions interact in complex ways. During 2016/17, Barnett Waddingham LLP advised that the net pensions liability had increased by £16.735 million as a result of a change in financial assumptions.

Property, Plant and Equipment

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

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £45,000 for every year that useful lives had to be reduced.

Provisions

The Committee has made a provision of £643,000 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £21,000 to the annual contribution to the provision.

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

Bad Debt Provision

At 31 March 2017, the Committee had a balance of accounts receivable debtors of £1.387 million. This amount excludes debts registered at the County Court. A review of these balances resulted in a calculation of a bad debt provision, based on historic loss experiences, of £14,000. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate the provision will have to be increased accordingly.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 21 September 2017. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

7. Note to the Consolidated Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the net expenditure chargeable to the General Reserve to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The adjustments arise due to the difference in the accounting basis and funding basis under regulations.

Adjustments between funding and accounting basis during 2016/17:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	**Pension Adjustments £000**	**Accumulated Absence Adjustments £000**	**Total Adjustments £000**
Grants Committee	26	(1)	25
Transport and Environment Committee	133	2	135
London Councils Core Joint Committee	299	(18)	281
Net Cost of Services	**458**	**(17)**	**441**
Financing and investment income and expenditure	859	-	859
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	**1,317**	**(17)**	**1,300**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

7. Note to the Consolidated Expenditure and Funding Analysis (continued)

Adjustments between funding and accounting basis during 2015/16:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	34	1	35
Transport and Environment Committee	185	(2)	183
London Councils Core Joint Committee	403	19	422
Net Cost of Services	**622**	**18**	**640**
Financing and investment income and expenditure	851	-	851
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	**1,473**	**18**	**1,491**

8. Financing and Investment Income and Expenditure

	2016/17 £000	2015/16 £000
Interest Payable	6	11
Interest and Investment Income	(95)	(104)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	859	851
Total	**770**	**758**

9. Pensions

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

9. Pensions (continued)

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2016, the employers' contribution towards the Future Service Rate was set at 12% of pensionable pay for the period 1 April 2017 to 31 March 2020.

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

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

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

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

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

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

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2016 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2017 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

9. Pensions (continued)

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

Financial Assumptions

The financial assumptions as at 31 March 2017:

Assumptions as at:	31 March 2017 (% per annum)	31 March 2016 (% per annum)
RPI increases	3.6%	3.4%
CPI increases	2.7%	2.5%
Salary increases	4.2%	4.3%
Pension increases	2.7%	2.5%
Discount rate	2.8%	3.8%

These assumptions are set with reference to market conditions at 31 March 2017.

Our estimate of the duration of the Employer's liabilities is 22 years.

The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 22 year point on the BoE spot inflation curve. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. below RPI i.e. 2.7% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is consistent with the approach used at the last accounting date.

Salaries are then assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, a short-term overlay has been allowed from 31 March 2016 to 31 March 2020 for salaries to rise in line with inflation.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the funding valuation as at 31 March 2016 have been adopted. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2015 Model, allowing for a long term rate of improvement of 1.5% per annum.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

9. Pensions (continued)

The assumed life expectations from age 65 are:

	31 March 2017	31 March 2016
Retiring today:		
Males	21.9	22.4
Females	24.5	25.4
Retiring in 20 years:		
Males	24.2	24.8
Females	26.8	27.7

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2017:

	At 31 March 2017		At 31 March 2016	
	£000	%	£000	%
Equities	29,904	59%	19,116	47%
LDI/Cashflow matching	-	-	4,172	10%
Target return portfolio	10,664	21%	8,754	21%
Infrastructure	2,657	5%	2,255	5%
Commodities	-	-	184	0%
Property	2,573	5%	1,469	4%
Cash	4,669	9%	5,203	13%
	50,467	**100%**	**41,153**	**100%**

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

Previously, synthetic equities, swaps and other Liability Driven Investment were included in the LDI/Cashflow matching category with any cash collateral included in the Cash category. This year, to reflect the way that the Local Pensions Partnership show this in their asset allocation, the synthetic equities have been grouped with traditional equities and the swaps and other Liability Driven Investment are grouped as Cash. In addition, the commodities and infrastructure asset classes have been combined as infrastructure this year.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

9. Pensions (continued)

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2017 is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Fair value of employer assets	50,467	41,153
Present value of scheme liabilities	(80,378)	(64,107)
Net Liability	**(29,911)**	**(22,954)**
Present value of unfunded liabilities	(78)	(72)
Net Liability in Balance Sheet	**(29,989)**	**(23,026)**

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2017 is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Service cost	1,256	1,464
Net interest on the defined liability	859	851
Administration expenses	53	62
Total	**2,168**	**2,377**

The reconciliation of the Defined Benefit Obligation at 31 March 2017 is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Opening Defined Benefit Obligation	**(64,179)**	**(66,627)**
Current service cost	(1,256)	(1,464)
Interest cost	(2,424)	(2,257)
Change in financial assumptions	(16,735)	5,623
Change in demographic assumptions	503	-
Experience loss on Defined Benefit Obligation	2,834	(1)
Estimated benefits paid net of transfers	1,227	987
Contributions by scheme participants	(431)	(445)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	**(80,456)**	**(64,179)**

The reconciliation of the Fair Value of Employer's Assets at 31 March 2017 is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Opening Fair Value of Employer's Assets	**41,153**	**41,178**
Interest on assets	1,565	1,406
Return on assets less interest	6,896	(1,726)
Other actuarial gains	856	-
Administration expenses	(53)	(62)
Contributions by employer	851	904
Contributions by scheme participants	431	445
Estimated benefits paid plus unfunded net of transfers in	(1,232)	(992)
Closing Fair Value of Employer's Assets	**50,467**	**41,153**

9. Pensions (continued)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	78,778	80,456	82,172
Projected service cost	1,801	1,844	1,888
Adjustment to Long-term Salary Increases	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	80,659	80,456	80,254
Projected service cost	1,844	1,844	1,844
Adjustment to Pension Increases and Deferred Revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	81,968	80,456	78,976
Projected service cost	1,888	1,844	1,801
Adjustment to Mortality Age Rating Assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	83,334	80,456	77,680
Projected service cost	1,903	1,844	1,787

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2017 is as follows:

	At 31 March 2017 £000	At 31 March 2016 £000
Return on plan assets in excess of interest	6,896	(1,726)
Other actuarial gains	856	-
Change in financial assumptions	(16,735)	5,623
Change in demographic assumptions	503	-
Experience gain/(loss) on defined benefit obligation	2,834	(1)
Re-measurements	**(5,646)**	**3,896**

The projections for the year to 31 March 2018 is as follows:

	31 March 2018 £000
Service cost	1,844
Net interest on the defined liability	831
Administration expenses	66
Total	**2,741**
Employers contribution	622

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

10. Property, Plant and Equipment

Movements in:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2016	**1,038**	**1,927**	**2,965**
Additions	109	4	113
Disposals	(5)	-	(5)
At 31 March 2017	**1,142**	**1,931**	**3,073**
At 1 April 2016	**864**	**379**	**1,243**
Charge for the year	81	229	310
Charge relating to Disposals	(5)	-	(5)
At 31 March 2017	**940**	**608**	**1,548**
Net Book Value			
At 31 March 2017	**202**	**1,323**	**1,525**
At 31 March 2016	**174**	**1,548**	**1,722**

Comparative movements in 2015/16:

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

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

10. Property, Plant and Equipment (continued)

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

11. Intangible Assets

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

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

	31 March 2017 £000	31 March 2016 £000
Balance at start of year:		
Gross carrying amount	22	22
Accumulated amortisation	(21)	(14)
Net carrying amount at start of year	**1**	**8**
Additions	13	-
Disposals	-	-
Amortisation for the period	(1)	(7)
Net carrying amount at end of year	**13**	**1**
Comprising:		
Gross carrying amount	35	22
Accumulated amortisation	(22)	(21)
	13	**1**

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

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

12. Short Term Debtors

	31 March 2017 £000	31 March 2016 £000
Central government bodies	804	687
Other local authorities	2,683	2,660
NHS bodies	-	87
Public corporations and trading funds	754	698
Other entities and individuals	1,427	736
Total	**5,668**	**4,868**

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.67 million (2015/16: £2.634 million), payments in advance of £1.632 million (2015/16: £298,000), a bad debt provision of £152,000 (2015/16: £238,000) and other debtors of £1.518 million (2015/16: £2.174 million).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

13. Cash and Cash Equivalents

	31 March 2017	31 March 2016
	£000	£000
Cash held by the Committee	1,807	66
Cash balances held by the City of London	15,010	16,786
Total	**16,817**	**16,852**

14. Short Term Creditors

	31 March 2017	31 March 2016 (Restated)
	£000	£000
Central government bodies	(8)	(34)
Other local authorities	(6,803)	(6,623)
NHS bodies	(367)	(299)
Public corporations and trading funds	(469)	(531)
Other entities and individuals	(2,825)	(2,417)
Total	**(10,472)**	**(9,904)**

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £3.103 million (2015/16: £3.154 million), receipts in advance of £3.966 million (2015/16: £3.807 million), accruals of £3.38 million (2015/16: £2.935 million) and other creditors of £23,000 (2015/16: £8,000).

15. Provisions

	Property Lease Provisions
	£000
Balance at 1 April 2016	**(534)**
Additional Provisions made in 2016/17	(103)
Unwinding of discount	(6)
Balance at 31 March 2017	**(643)**

Analysis of Total Provisions:

	£000
Current	(197)
Non-current	(446)
Total Provision	**(643)**

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

16. Long Term Creditors

	31 March 2017	31 March 2016 (Restated)
	£000	£000
Other local authorities	(507)	(490)
Total	**(507)**	**(490)**

The creditor balances above have arisen due to the smoothing of property leases.

17. Usable Reserves

	31 March 2017	31 March 2016
	£000	£000
General Reserve	10,776	11,641
Specific Reserve	1,734	1,000
Total	**12,510**	**12,641**

18. Transfers to Specific Reserves

Transfers to the Specific Reserves during the year ended 31 March 2017:

	Balance at 1 April 2016 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2017 £000
2020 Freedom Pass Re-issue Reserve	1,000	-	734	1,734
Total	**1,000**	**-**	**734**	**1,734**

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

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

The 2020 Freedom Pass Re-issue Reserves was established by the Committee on 11 December 2014 to accumulate funds to meet the cost of the Freedom Pass reissue exercise.

19. Unusable Reserves

	31 March 2017	31 March 2016
	£000	£000
Pensions Reserve	(29,989)	(23,026)
Accumulated Absences Reserve	(109)	(126)
Total	**(30,098)**	**(23,152)**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

19. Unusable Reserves (continued)

Pensions Reserve

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

	2016/17		2015/16	
	£000	**£000**	**£000**	**£000**
Balance at 1 April		**(23,026)**		**(25,449)**
Actuarial (losses)/gains on pension assets and liabilities		(5,646)		3,896
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,173)		(2,382)	
Employer's pensions contribution and direct payments to pensioners payable in the year	856		909	
		(1,317)		(1,473)
Balance at 31 March		**(29,989)**		**(23,026)**

19. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2016/17		2015/16	
	£000	£000	£000	£000
Balance at 1 April		**(126)**		**(108)**
Settlement or cancellation of accrual made at the end of the preceding year	126		108	
Amounts accrued at the end of the current year	(109)		(126)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		17		(18)
Balance at 31 March		**(109)**		**(126)**

20. Cash Flow Statement – Operating Activities

	2016/17		2015/16	
	£000	£000	£000	£000
Deficit on Provision of Services		**(1,431)**		**(332)**
Adjusted for:				
Current Service Cost Adjustment	458		622	
Depreciation	310		213	
Amortisation of Intangible Assets	1		7	
Net loss on Pension Scheme Assets/Liabilities	859		851	
Provision for liabilities and charges	109		(31)	
Decrease in Debtors	(800)		431	
(Decrease)/Increase in Creditors	585		(3,306)	
Adjustments for non-cash movements		**1,522**		**(1,213)**
Interest Payable	6		11	
Interest and Investment Income	(95)		(104)	
Adjustments for investing and financing activities		**(89)**		**(93)**
Net cash flows from Operating Activities		**2**		**(1,638)**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

21. Cash Flow Statement – Investing Activities

	2016/17 £000	2015/16 £000
Interest Payable	(6)	(11)
Interest and Investment Income	95	104
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(126)	(820)
Total	**(37)**	**(727)**

22 Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts payable under these arrangements during the year amounted to £1,137,000 (2015/16: £886,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2017 £000	31 March 2016 £000
Not later than one year	1,221	777
Later than one year and not later than five years	4,096	3,641
Later than five years	888	1,185
Total	**6,205**	**5,603**

23. Intragroup Transactions

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

	2016/17 £000	2015/16 £000
London Councils Limited recharge of Angel Square and Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	471	611
Income	(471)	(611)
London Councils Limited recharge of Southwark Street costs to London Councils Joint Committee:		
Expenditure	157	-
Income	(157)	-

24. Members' Allowances

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

	2016/17 £000	2015/16 £000
Members' Allowances	197	201

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

25. Officers' Remuneration

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

Remuneration Bands	**Number of Employees**	
	2016/17 £000	**2015/16 £000**
£50,000 - £54,999	4	2
£55,000 - £59,999	6	9
£60,000 - £64,999	-	1
£65,000 - £69,999	2	3
£70,000 - £74,999	3	1
£75,000 - £79,999	4	2
£80,000 - £84,999	2	2
£85,000 - £89,999	1	2
£90,000 - £94,999	1	-
£95,000 - £99,999	-	4
£100,00 - £104,999	3	1
£105,000 - £109,999	1	1
£110,000 - £114,999	1	-
£120,000 - £124,999	1	2
£145,000 - £149,999	1	-
£150,000 - £154,999	-	1
£165,000 - £169,999	1	-

These amounts include payments made to Parking Adjudicators.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

25. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2016/17 is as follows:

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive	148,470	5,939	-	154,409	18,522	172,931
Corporate Director, Policy and Public Affairs	124,169	-	-	124,169	14,900	139,069
Corporate Director, Services	94,620	-	70,733	165,353	11,175	176,528
Director, Corporate Governance	100,373	-	-	100,373	12,045	112,418
Director, Corporate Resources	100,373	-	-	100,373	12,045	112,418
Director, Transport and Mobility	109,198	-	-	109,198	13,104	122,302
Strategic Director, Young People Education and Skills, Community Services and Grants	84,055	-	-	84,055	10,087	94,142
Total	**761,258**	**5,939**	**70,733**	**837,930**	**91,878**	**929,808**

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

26. Termination Benefits

There were termination payments of £71,000 included in the Comprehensive Income and Expenditure Statement for 2016/17 (2015/16: £66,000).

27. External Audit Costs

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

	2016/17 £000	2015/16 £000
Fees payable to KPMG LLP in respect of the audit of the Statement of Accounts:	36	36
Fees payable in respect of other services provided by PricewaterhouseCoopers LLP during the year	-	23
	36	**59**

Fees paid to PricewaterhouseCoopers LLP in 2015/16 relate to residual charges for work carried out in connection with an objection to London Councils' 2012/13 to 2014/15 accounts.

28. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2016/17 was £47.009 million (2015/16: £52.494 million). The total value of expenditure on secondment fees, rent, rates, professional fees and the distribution of grants paid to member boroughs during 2016/17 was £4.063 million (2015/16: £3.821 million). On 31 March 2017, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.406 million (2015/16: £2.642 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.017 million (2015/16: £7.113 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2016/17 was £9.919 million (2015/16: £10.078 million). The total value of expenditure on charges during 2016/17 was £23,000 (2015/16: £21,000). On 31 March 2017, the value of debtor balances owed by TfL amounted to £174,000 (2015/16: £141,000) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £301,000 (2015/16: £390,000).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

28. Related Parties (continued)

Central Government

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2016/17 amounted to £3.818 million (2015/16:£2.681 million). The total value of funding received from Central Government in 2016/17 amounted to £305,000 (2015/16: £408,000). On 31 March 2017, the value of debtor balances owed by central government bodies amounted to £520,000 (2015/16: £687,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £7,000 (2015/16: £34,000).

British Parking Association

London Councils had a contract to run the Parking on Private Lands Appeals (POPLA) service which was funded by the British Parking Association (BPA). London Councils' former Director of Corporate Services was a Director of the British Parking Association. The Director of Corporate Services received no remuneration for his appointment with the BPA. The contract to run the POPLA service ceased in September 2015 and there were no charges in respect of the service in 2016/17 (2015/16: £499,000). The total value of expenditure paid to the BPA for subscriptions and other charges during 2016/17 was £850 (2015/16: £860). On 31 March 2017, the value of debtor balances in respect of a prepaid membership subscription amounted to £600 (2015/16: £317,000).

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and a member of London Councils Leaders Committee sits on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2015/16 was £850,000 (2015/16: £853,000). On 31 March 2017, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £2,000 (2015/16: £1,000).

Greater London Authority

A member of London Councils Leaders' Committee was also a member of the Greater London Assembly. The total value of income received from the GLA for the operation of the Road User Charging Appeals service and other charges during 2016/17 was £804,000 (2015/16: £921,000). The total value of expenditure on contributions and other charges during 2016/17 was £106,000 (2015/16: £102,000). On 31 March 2017, the value of debtor balances owed by the GLA amounted to £284,000 (2015/16: £413,000) and the value of creditor balances owed to the GLA (including receipts in advance) amounted to £90,000 (2015/16: £89,000).

29. Grant Commitments

The value of commitments in 2017/18 is £8.053 million. Included within these amounts is £1.88 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £940,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

28. Concessionary fares

These accounts do not include the amount of £333.94 million (2015/16: £327.922 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

29. Segmental Reporting

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

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2016/17

	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000	2015/16 Gross Expenditure £000 (Restated)	2015/16 Gross Income £000 (Restated)	2015/16 Net £000 (Restated)
Cost of Services						
Borough commissioned services	7,458	(7,505)	(47)	7,304	(7,565)	(261)
ESF commissioned services	-	(517)	(517)	952	(1,416)	(464)
One off Payment to Boroughs	486	-	486	-	-	-
Cost of Services	**7,944**	**(8,022)**	**(78)**	**8,256**	**(8,981)**	**(725)**
Other Operating Expenditure	713	(618)	95	633	(528)	105
Financing and investment income and expenditure	46	(17)	29	46	(14)	32
Deficit/(Surplus) on Provision of Services	**8,703**	**(8,657)**	**46**	**8,935**	**(9,523)**	**(588)**
Re-measurement of the net defined liability			283			(397)
Other Comprehensive Income and Expenditure			**283**			**(397)**
Total Comprehensive Income and Expenditure			**329**			**(985)**

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2016/17

	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000	2015/16 Gross Expenditure £000 (Restated)	2015/16 Gross Income £000 (Restated)	2015/16 Net £000 (Restated)
Cost of Services						
Freedom Pass and Taxicard services	33,511	(34,531)	(1,020)	36,352	(37,316)	(964)
Direct Services	9,201	(10,004)	(803)	8,132	(8,601)	(469)
One off Payment to Boroughs	340	-	340	-	-	-
Cost of Services	**43,052**	**(44,535)**	**(1,483)**	**44,484**	**(45,917)**	**(1,433)**
Other Operating Expenditure	1,054	(241)	813	1,843	(950)	893
Financing and investment income and expenditure	249	(1)	248	252	(11)	241
Surplus on Provision of Services	44,355	**(44,777)**	**(422)**	**46,579**	**(46,878)**	**(299)**
Re-measurement of the net defined liability			1,510			(1,406)
Other Comprehensive Income and Expenditure			**1,510**			**(1,406)**
Total Comprehensive Income and Expenditure			**1,088**			**(1,705)**

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2016/17

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

	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000	2015/16 Gross Expenditure £000 (Restated)	2015/16 Gross Income £000 (Restated)	2015/16 Net £000 (Restated)
Cost of Services						
Direct services	160	(160)	-	146	(146)	-
Externally Funded Projects	2,179	(1,845)	334	6,250	(6,250)	-
Improvement and Efficiency	178	(178)	-	196	(196)	-
Research and Commissioning	322	(322)	-	379	(379)	-
YPES Regional Activity	56	(180)	(124)	72	(72)	-
One-off Payment to Boroughs	825	-	825	825	-	825
Net Cost of Services	**3,720**	**(2,685)**	**1,035**	**7,868**	**(7,043)**	**825**
Other Operating Expenditure	6,420	(6,141)	279	6,337	(6,428)	(91)
Financing and investment income and expenditure	570	(77)	493	564	(79)	485
(Surplus)/Deficit on Provision of Services	**10,710**	**(8,903)**	**1,807**	**14,769**	**(13,550)**	**1,219**
Re-measurement of the net defined liability			3,853			(2,093)
Other Comprehensive Income and Expenditure			**3,853**			**(2,093)**
Total Comprehensive Income and Expenditure			**5,660**			**(874)**

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2016/17 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £629,000 (2015/16: £611,000) and income of £629,000 (2015/16: £611,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to the London Councils Joint Committee and London Councils Transport and Environment Committee. These amounts are removed on consolidation as follows:

	Gross Expenditure £000	Gross Income £000	Net £000	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000
Net Cost of Services	3,720	(2,685)	1,035	7,868	(7,043)	825
Other Operating Expenditure	6,420	(6,141)	279	6,337	(6,428	(91)
	10,140	**(8,826)**	**1,314**	**14,205**	**(13,471)**	**734**
Recharge of premises costs	(629)	629	-	(611)	611	-
Amount included in Consolidated Income and Expenditure Statement	**9,511**	**(8,197)**	**1,314**	**13,594**	**(12,860)**	**734**

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2016/17 £000	2015/16 £000
Staff costs	3,877	3,857
Premises costs	1,587	1,516
Other running costs	956	964
Total	**6,420**	**6,337**

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY (continued)

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

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

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