

Leaders' Committee

5 December 2017 – 11:30 am

At London Councils offices, 59½ Southwark St., London SE1 0AL
Refreshments will be provided
London Councils offices are wheelchair accessible

Labour Group: Room 2 and 3 10:00

Political Adviser: 07977 401955)

Conservative Group: Room 1 10:00

(Political Adviser: 07903 492195)

Contact Officer: Derek Gadd

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Lunch will be provided in Room 1 for members after the meeting

Agenda item	Page
1. Apologies for absence and Announcement of Deputies	
2. Declarations of Interest*	
3. Minutes of the Leaders' Committee held on 10 October 2017	
4. Draft London Skills Strategy and AEB Governance – Jules Pipe, Deputy Mayor, Planning, Regeneration and Skills will be attending	
5. Mayor's New Draft London Plan – Jules Pipe, Deputy Mayor, Planning, Regeneration and Skills will be attending	To follow
6. Independent Panel on the Remuneration of Councillors – Sir Rodney Brooke CBE, DL will be attending	
7. Local Government Finance update: Autumn Budget 2017 and London business rates retention pilot pool 2018-19	
8. Health and Social Care Devolution	
9. London Councils Grants Scheme - Budget Proposals 2018/19	
10. Proposed Revenue Budget and Borough Subscriptions and Charges 2018/19	
11. Appointment to Greater London Provincial Council (GLPC) (Employer's Side)	

12	Minutes and summaries :- <ul style="list-style-type: none"> • Grants – Leadership in the Third Sector – 12 September 2017 • CAB – 18 October 2017 • Executive – 14 November 	
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***Declarations of Interests**

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

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

These prohibitions apply to any form of participation, including speaking as a member of the public.

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

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

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

Agenda item

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London Councils

Minutes of the London Councils Leaders' Committee held on 10 October 2017
Cllr Claire Kober OBE chaired the meeting

Present:

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

Cllr Darren Rodwell
Cllr Richard Cornelius
Cllr Teresa O'Neill OBE
Cllr Margaret McLennan
Cllr Colin Smith
Cllr Georgia Gould
Cllr Mark Watson
Cllr Julian Bell
Cllr Doug Taylor
Cllr Denise Hyland
Mayor Philip Glanville
Cllr Sue Fennimore
Cllr Claire Kober OBE
Cllr Sachin Shah
Cllr Roger Ramsey
Cllr Ray Puddifoot MBE
Cllr Steve Curran
Cllr Richard Watts
Cllr Will Pascall
Cllr Kevin Davis
Cllr Lib Peck
Mayor Sir Steve Bullock
Cllr Mark Allison
Cllr Ken Clark
Cllr Jas Athwal
Cllr Paul Hodgins
Cllr Peter John OBE
Cllr Ruth Dombey OBE
Mayor John Biggs
Cllr Clare Coghill
Cllr Guy Senior
Cllr Nickie Aiken
Sir Mark Boleat
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Apologies:

BRENT
KENSINGTON & CHELSEA
MERTON
NEWHAM
WANDSWORTH
CITY OF LONDON
CAPITAL AMBITION

Cllr M. A. Butt
Cllr Elizabeth Campbell
Cllr Stephen Alambritis
Mayor Sir Robin Wales
Cllr Ravi Govindia CBE
Ms Catherine McGuinness
Mr Edward Lord JP OBE CC

Officers of London Councils, Deputy Mayor for Policing and Crime Sophie Linden, Assistant Commissioner Martin Hewitt and Deputy Assistant Commissioner Mark Simmons were in attendance.

Before opening the meeting the Chair welcomed the new leader of Bromley Council, Cllr Colin Smith and offered her thanks to his outgoing predecessor, Cllr Stephen Carr who had not only been leader in Bromley for many years but had also taken on prominent roles at London Councils.

1. Apologies for absence and announcement of deputies

The apologies and deputies listed above were noted.

2. Declarations of interest

No interests were declared.

3. Minutes of Leaders' Committee AGM held on 11 July 2017

Leaders' Committee agreed the minutes of the Leaders' AGM meeting held on 11 July 2017.

4. Minutes of Leaders' Committee meeting held on 11 July 2017

Leaders' Committee agreed the minutes of the Leaders' Committee meeting held on 11 July 2017.

5. Changes to Local Policing in London

The Chair welcomed Deputy Mayor for Policing and Crime Sophie Linden, Assistant Commissioner Martin Hewitt and Deputy Assistant Commissioner Mark Simmonds and asked them to address Leaders' Committee.

Deputy Mayor for Policing and Crime Sophie Linden included the following points in her presentation:

- The Mayor's statutory Police and Crime Plan and the Metropolitan Police Service transformation proposals (known as the 'One Met Model 2020') involved a number of changes to the organisation of local policing across London
- Since 2010, the MPS has had to find £600m of savings and must save a further £400m by 2020. This will inevitably have an impact on police numbers. There were also a number of areas of increasing demand, including tackling knife crime and counter terrorism.
- There had been over 2,500 responses to the Public Access consultation and these were now being considered in detail.
- The 'One Met Model 2020' included a series of changes to local policing based around the following core service areas:
 - Neighbourhoods
 - Including a planned minimum of two Dedicated Ward Officers and one Police Community Support Officer per ward that would be 'ring fenced' from abstraction
 - Protecting Vulnerable People
 - Bringing together in one place both local and previously centrally managed services that had been dealing with child abuse, rape and domestic violence
 - Response Teams
 - Bringing them together to cover a larger footprint, yielding potential efficiencies and reducing 'handovers' of investigations
 - Local Investigations
 - Teams of investigators would respond directly to the more serious and complex crimes, offering immediate victim – investigator contact.

There would be a revised structure of Basic Command Units (BCUs), each comprising more than one borough. This approach had generated some anxiety and concerns were raised about the proposed geography of BCUs during consultation

Deputy Assistant Commissioner Mark Simmons continued the presentation:

- The MPS was testing the 'One Met Model 2020' in two pathfinder areas:
 - Camden and Islington
 - Barking and Dagenham, Havering and Redbridge
- The pathfinders had been begun in January 2017:
 - BCU Commanders were appointed
 - Neighbourhood policing resources were allocated
 - Single emergency response arrangements were put in place
 - Central resources were allocated to form the new Safeguarding hubs
- A formal evaluation of the Pathfinders had not yet been concluded although early concerns, particularly about the impact on emergency response times had been acted on and changes made but more input, especially from borough leaders was sought
- The time-scale for the introduction of the Pathfinders was likely to have been too short to permit neither the development of stakeholder relationships nor the accommodation of local communities' needs. A longer lead-in time was needed for any more general roll out
- The management tier has been strengthened to build in stronger links with individual boroughs within the BCU footprint
- The aim was to tailor services to suit different needs in different communities
- It was important to plan ahead to accommodate likely future reductions in police numbers in London.
- Twelve commands were thought to be the optimal configuration for London. If there was any increase in the number of commands then some would fall below 800 people, which it was felt was too few for a viable command
- Plans were in place to set up shadow BCU commands in two further areas, so that preparations could be made, pending a decision on rolling out this approach across London.

Cllr Lib Peck (Labour, Crime and Public Protection, Lambeth) thanked Ms Linden and MPS colleagues on behalf of Leaders' Committee for the two visits they had made to it and for the presentation. She responded by asking:

- That the information and analysis on the pathfinders that had gone out to the five boroughs concerned go to all boroughs in good time
- That it was important to ensure high quality engagement with boroughs, including direct engagement with the political and managerial leadership
- That the approach was aligned to the needs of the individual boroughs in each cluster
- For the appropriate and timely sharing of information.

And pointed out that the loss of police numbers was a matter of regret for all concerned

Members of Leaders' Committee made the following points in response to the presentations:

- It was important to recognise and sustain the successful MASH model used in boroughs
- Tackling Violence against Women and Girls was a key issues and borough good practice include a successful anti- FGM campaign.
- There were concerns over visible policing
- Cuts were affecting targeted work
- Anti-social behaviour was a concern
- The 101 non-emergency number was 'broken' and surgeries were no substitute for an effective phone service

- The only way to offer a service to the most vulnerable was through a partnership across public services, Health, the Police and the Voluntary Sector
- There was a plan to have a police station in the west of Barnet and another in the east of Enfield leaving a large gap between the two
- Combining Hammersmith and Fulham, Kensington and Chelsea and Westminster was a step too far
- Gang culture was a serious issue with murders out of control and the police being forced to withdraw in some areas because of lack of resources
- The geographies of inner and outer London were very different and this needed to be better recognised in the proposed footprint of BCUs and the allocation of resources.
- The consultation about police numbers was flawed.

Ms Linden responded:

- The problems with the 101 number were not acceptable and improvements should be evident by January
- The need for a greater emphasis on leadership and partnership work was recognised and would be delivered through the plans for longer lead-in times and the use of BCU shadows

Deputy Assistant Commissioner Simmons responded:

- He had had professionally difficult conversations with boroughs in East London about response times and the impact of dispersed geography. This had been less of an issue in the central London pathfinder
- It would not be possible to deliver the improved Safeguarding function demonstrated in the pilots in a BCU unless a structure with the order of 12 clusters was adopted.

- Whilst acknowledging the difficulties during the Pathfinder, Havering response rates were now better than last year.

The Chair thanked Deputy Mayor for Policing and Crime Sophie Linden, Assistant Commissioner Martin Hewitt and Deputy Assistant Commissioner Mark Simmons for their contribution and Leaders' Committee agreed to note:

- The report and
- The proposed arrangements for signing off the Memorandum of Understanding on Criminal Justice Devolution.

6. London Business Rates pilot pool 2018-19

The Director: Finance, Performance & Procurement introduced the item:

- The report updated Leaders' Committee on progress towards a London Business Rates Pilot Pool
- It set out the government's position, and emerging proposals for a pilot pool, including the distribution of any financial benefits that arose
- It sought both the Committee's in-principle support for proceeding with an application to become a pilot pool and a steer on key elements of the pool's operation and governance
- It informed Leaders of the nature and timetable for decisions that each local authority would be required to take to give effect to the proposals
- The support of Leaders' Committee would be required in order to meet the timetable of an Autumn announcement.

The Chair moved an amendment to the recommendations contained in the report:

In the event that the pilot pool continues, it should not last for more than two years (i.e. beyond 2019/20) without a positive re-commitment by all participating authorities.

Leaders' Committee accepted the amendment.

Cllr Nickie Aiken (Conservative, Westminster) sought clarification over a point made by her borough treasurer concerning the future, say in seven or eight years' time, of the backlog of over 8,000 BR appeals in her borough. She thought that boroughs in London may face a liability flowing from this.

The Director: Finance, Performance & Procurement responded by saying that the issue was not the number of appeals per se, but the adequacy of provisions made by boroughs to meet the potential impact of those appeals. If the pool were wound up, it would need to maintain a residual accounting function for several years until all appeals were resolved. There was a risk that this could generate future liabilities – or surpluses in the collective collection fund. This risk would need to be managed for the pool, just as it currently is for each borough. Overall, it had been put to Government that the proposal should only go ahead if there was a guarantee that no authority would be worse off. The precise ways in which that guarantee operate would be addressed during negotiations with Government.

Cllr Colin Smith (Conservative, Bromley) indicated his agreement to the proposals but that also, he profoundly disagreed with the potential consequences of the Fairer Funding Review not being progressed by Government until a later point. The Chair pointed out that she understood a number of boroughs shared his view

Cllr Ray Puddifoot MBE (Conservative, Hillingdon) expressed concern over the options for distribution, wishing to see a greater weighting on rewards for growth.

The Chair concluded the item by proposing that, if Leaders' Committee agreed to go forward in principle the question of how benefits would be distributed would be considered by the cross-party elected officers (Chair, Deputy Chair and three Vice Chairs) and in doing so they would be guided by the following principles:

- Incentivising growth (by allowing those boroughs where growth occurred to keep some proportion of the additional resources retained as a result of the pool)
- Recognising the contribution of all boroughs (through a per capita allocation)

- Recognising need (through the needs assessment formula) and
- Facilitating collective investment (through an investment pot designed to promote economic growth and lever additional investment funding from other sources).

Leaders' Committee agreed and, noting that any arrangements would be subject to the individual approval of all the London local authorities, to:

- Support in principle an application to government for a London-wide business rate pilot pool for 2018/19, based on the features set out in paragraph 8 of Appendix B¹ (and subject to the receipt of satisfactory assurances regarding “new burdens” and the “fair funding review” as identified in paragraph 10 of Appendix B)
- To delegate to the Chief Executive in consultation with Elected Officers of Leaders' Committee² in accordance with urgency procedures, the negotiation of the detail of final proposals to be then put to individual authorities and the Mayor of London for agreement (see paragraph 9)
- To develop proposals (subject to further legal advice) by which the authorities would delegate to a new joint governance mechanism of Leaders and the Mayor the exercise of functions in respect of deciding the allocation of strategic investment resources to specific projects in accordance with the principles and voting arrangements to be contained within the agreed framework for operating the pool (see paragraph 15)
- Clarify with Government how future liabilities would be dealt with, were appeals to be underprovided for during the life of the pool (raised by Westminster), which could in theory impact on all boroughs and the GLA
- And that in the event that the pilot pool continues, it should not last for more than two years (i.e. beyond 2019/20) without a positive re-commitment by all participating authorities.

¹ For references to the report and its appendices see <http://www.londoncouncils.gov.uk/node/32689>

² That is, the Chair, Deputy Chair and three Vice Chairs.

7. Housing and Homelessness Update

Mayor Sir Steve Bullock introduced the report:

- On homelessness, there was little prospect of solid solutions to build at anything approaching the requisite pace and scale required
- There was particular concern around the funding available for homelessness and fire safety work
- There were opportunities for closer working to reduce homelessness pressures and increase efficiency, for example, some boroughs (led by Tower Hamlets and Croydon) were working on a GLA funded bid for meanwhile-use modular Temporary Accommodation, providing genuine additionality
- There was now a draft London Councils response to the Building Regulations Review chaired by Dame Judith Hackett
- The additional funding for housing, announced at the Conservative Party Conference, which was calculated to be sufficient for 5,000 new homes a year over the next 5 years, whilst welcome, would not solve the housing crisis.

Cllr Georgia Gould (Labour, Camden) said she had written to the housing minister on the question of homelessness.

Leaders' Committee agreed

- London Councils' forthcoming response to the review of Building Regulations

And to note:

- Lobbying on the implementation of the Homelessness Reduction Act
- Emerging proposals to consider ways of working more collaboratively, where appropriate, on specific solutions to reduce Homelessness.

8. Children's Services financial pressures

Cllr Kevin Davis (Conservative, Health and Child Safeguarding, Kingston) and Cllr Peter John OBE (Labour, Business, Skills and Brexit including work and employment and schools, Southwark) briefly introduced the report saying it outlined potential lobbying activity to secure greater recognition from government in the face of the cost pressures on Children's Services in London.

Leaders' Committee agreed to:

- Note the ongoing work on children's social care pressures in relation to the Fair Funding Review, and the need to support further lobbying on this key issue where possible (see paragraphs 25-28³) and
- Support the proposals set out in paragraph 29-34 to undertake more immediate lobbying with regard to SEND funding shortfalls.

9. Annual Audit Report 2016/17

Cllr Roger Ramsay (Conservative, Audit, Havering) briefly introduced the Annual Audit Report for 2016/17 which Leaders' Committee noted.

10. London Councils' Urgencies Report

Leaders' Committee agreed to note the urgencies report: *MOPAC funding opportunity: tackling harmful practices.*

11. Minutes and summaries

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

- GLEF – 13 June 2017

³ See note 1

- YPES – 6 July 2017
- CAB – 11 July 2017
- Pensions CIV Sectoral Joint Committee – 12 July 2017
- Grants Committee AGM – 12 July 2017
- Grants – Leadership in the Third Sector Sub Committee– 18 July 2017
- TEC Executive Sub Committee – 20 July 2017
- Executive – 12 September 2017
- TEC Executive Sub Committee – 15 September 2017

The meeting ended at 11:50.

Action points

Item		Action	Progress
6.	<p>London Business Rates pilot pool 2018-19</p> <ul style="list-style-type: none"> • Clarify how future liabilities will be dealt with, were appeals to be underprovided for during the life of the pool (raised by Westminster), which could in theory impact on all boroughs and the GLA. • The question of how benefits would be distributed would be determined by the cross-party elected officers (Chair, Deputy Chair and three Vice Chairs) • Make an application to government for a London-wide business rate pilot pool for 2018/19 • Delegate to the Chief Executive in consultation with Elected Officers of Leaders' Committee in accordance with urgency procedures, the negotiation of the detail of final proposals to be then put to individual authorities and the Mayor of London for agreement • Develop proposals by which the authorities would delegate to a new joint governance arrangement between the Leaders and the Mayor the exercise of functions in respect of deciding the allocation of strategic investment resources to specific projects in 	<p>Finance, Performance and Procurement (FP&P) FP&P</p> <p>FP&P/CG</p> <p>FP&P</p> <p>FP&P</p> <p>FP&P</p>	<p>Ongoing work – to be clarified in the final agreement</p> <p>Discussions with CLG ongoing – formal application required by early November for Autumn Budget</p> <p>Elected officers met with Chief Executive 13/10/17 to discuss a preferred option. Meeting again 1/11/17 to agree final option.</p> <p>Work ongoing with legal advisors to determine preferred governance structure/mechanism</p>

	<p>accordance with the principles and voting arrangements to be contained within the agreed framework for operating the pool</p> <ul style="list-style-type: none"> In the event that the pilot pool continues, it should not last for more than two years (i.e. beyond 2019/20) without a positive re-commitment by all participating authorities. 	FP&P	Amendment agreed by Leaders Committee
7.	<p>Housing and Homelessness Update</p> <ul style="list-style-type: none"> Submit London Councils' response to the review of Building Regulations 	PAPA Housing	Completed

Leaders

Draft London Skills Strategy and AEB Governance

Item 4

Report by: Dianna Neal **Job title:** Head of Economy and Culture

Date: 5 December 2017

Contact Officer: Dianna Neal

Telephone: 020 7934 9819 **Email:** Dianna.neal@londoncouncils.gov.uk

Summary: This report outlines the proposals for governance of the devolved Adult Education Budget (AEB) in London and the Mayor's draft skills and adult education strategy.

Recommendation: Leaders' Committee is asked to:

1. Note the publication of the Mayor's draft skills and adult education strategy and provide any initial feedback on the draft strategy.
2. Comment on and endorse the proposed governance arrangements for the Adult Education Budget (AEB) in London.

Draft London Skills Strategy and AEB Governance

Background

1. Since March 2014, London government has been making the case for skills devolution. This is because the national system does not work well enough for learners and businesses because of a series of system failures. Provider incentives focus largely on achievement of outputs (qualifications) rather than job or progression outcomes; providers are encouraged to compete rather than collaborate and there is insufficient transparent information available to learners or providers around performance and London's labour market. This makes for a system that is less responsive to employer demand and less inclusive for all Londoners than it should be. Leaving the EU will provide a series of challenges and opportunities that means London needs a more agile and responsive skills system more urgently than ever.
2. In March 2015, the government announced that it would devolve the Adult Education Budget (AEB) to the Mayor, subject to mutually meeting a series of subsequently issued readiness conditions. The AEB is estimated to be worth around £400m per annum in London. Progress in agreeing a devolution deal with the government has been very slow due to machinery of government changes and the general election this year, but the AEB should be devolved to the Mayor in 2019/20.
3. London boroughs and the Mayor have worked closely on the preparations for skills devolution – including jointly working on the Area Review of further education (FE) and sixth form colleges and setting out joint principles¹ for boroughs (working through London Councils and sub-regional partnerships) and the GLA to work together to prepare for and deliver skills devolution.
4. The Deputy Mayor for Planning, Regeneration and Skills will attend Leaders' Committee to discuss the Mayor's draft skills and adult education strategy for London and the proposed governance arrangements for the devolved AEB in London.

¹ Agreed at the Congress Executive on 29 June 2017.

Draft skills and adult education strategy for London

5. The Mayor has committed to developing a skills and adult education strategy for London. This strategy focuses on post-16 technical and vocational education in the capital and will provide a strategic framework for informing the AEB. It also considers 16-18 education, apprenticeships, careers information, advice and guidance and progression into work and further learning, including Higher Education. It sets out the Mayor's vision for skills – 'A city of all Londoners – making sure Londoners and employers get the skills they need to succeed in a fair, inclusive and thriving economy'. To achieve this vision, it lists three priorities for further education, adult education and skills provision in London:
 - Empower all Londoners to access the education and skills to participate in society and progress in education and in work;
 - Meet the needs of London's economy and employers, now and in the future; and
 - Deliver a strategic city-wide technical skills and adult education offer.

6. It then outlines a series of proposed priority actions to meet the skills challenges outlined in the document. The draft strategy was launched on 24 November 2017 and the consultation period runs until 2 January 2018. The full draft strategy can be found [here](#). There will be a series of consultation events, including jointly with sub-regions, and London Councils will be submitting a response. London Councils and sub-regional partnerships will also be working with the GLA to ensure that local differences and sub-regional priorities around skills are included in the final skills strategy. This is due to be published in May 2018.

AEB Governance

7. From 2019/20, a number of statutory functions and powers relating to the AEB² are expected to be devolved and transferred from the Secretary of State for Education to the Mayor of London. Ahead of this, the Secretary of State will need to undertake a formal consultation with London boroughs and the London Assembly on the transfer of these powers to the Mayor. This is expected to take place in February and March 2018.

8. In June 2017, the Congress Executive agreed the principle of joint governance over a devolved skills system between the Mayor and the boroughs. Below is a proposal for joint governance arrangements between the Mayor and London boroughs for the AEB. It aims to give boroughs tangible influence over the AEB, whilst recognising that the final decisions will be taken by the Mayor, as stipulated by government and the Greater London Authority Act 1999, under which the powers are being transferred. Appendix 1 contains a diagram of the proposed governance structure.

Pan-London arrangements

9. The Mayor will establish an Adult Education Programme Board (AEPB)³ to steer and provide recommendations and advice to the Mayor on:

- reviewing the desired outcomes from the AEB and skills strategy for London,
- the annual AEB funding requirements and priorities,
- commissioning strategy,
- funding and allocations modelling,
- performance and risk.

10. The Board will comprise the following members, appointed by the Mayor:

- Deputy Mayor for Planning, Regeneration & Skills (Chair);
- Five London Councils nominees: London Councils Executive Member for Business, Skills and Brexit (Deputy Co-Chair) and the chair of each Sub-regional Skills and Employment Board;
- SfL Taskforce member (Deputy Co-Chair);
- LEAP business member;
- Provider representative⁴.

11. The Board will have a majority of elected representatives and its aim is to try and reach consensus between the Mayor and nominated borough Leaders, prior to Mayoral decisions being made. The Board will:

- Publish its recommendations in line with the GLA's openness and transparency policy. This would mean that where all borough Leaders oppose the final

² Contained in the Apprenticeships, Skills, Children and Learning Act (2009)

³ It is proposed that the Adult Education Programme Board is a non-incorporated consultative and advisory body established by the Mayor of London under sections 30 and 34 of the GLA Act 1999.

⁴ This should be someone with senior and substantial former leadership experience within the FE sector and skills in London.

decision, there should be a public record of this, with the Mayor giving the rationale behind his decision. Where one or more borough Leader has opposed the final decision, this should also be on public record.

- Deal with conflicts of interest, given that boroughs also receive funding via the AEB. Where there is a direct conflict of interest for the borough Leaders, the relevant Leader would not participate in the discussion or take part in making the final recommendation.
- Give consideration to the Skills for Londoners Capital funds, Work and Health Programme and European Social Funds (ESF) to ensure alignment and strategic fit with the devolved AEB.
- Be supported by an AEB London Government Officer Group, comprised of GLA, London Councils and Sub-Regional Partnership officers. This would be jointly chaired by senior GLA and local government officers.

12. It is proposed that the Board is established in early 2018. Given that the precise operations and functions that will be devolved to the Mayor are still not clear, and consequently, the approach that will be taken by the GLA on allocating the AEB, these governance arrangements will be reviewed by the Mayor, GLA and London Councils on a quarterly basis until August 2019 and then on a yearly basis once delivery is established. Leaders would have the opportunity to consider any major changes to the arrangements set out here.

Sub-Regional Arrangements

13. Given the scale of London and the diversity of skills challenges and opportunities and communities across London, local leadership is needed to develop the necessary partnerships and collaborative work to achieve the identified changes needed in the skills system. The governance of AEB should therefore include a sub-regional element.

14. Sub-Regional Partnerships⁵ will be responsible for setting up Sub-Regional Skills and Employment Boards, at which the GLA will also be in attendance as observers. These boards will:

- Provide the AEPB and the GLA with sub-regional skills priorities, based on a robust and up-to-date evidence base that will help to inform and underpin the AEB Skills Statement and commissioning plan/strategy.

- Provide the AEPB and the GLA with information on how key providers are meeting these priorities, to be taken account of in the GLA monitoring of provider contracts.
- Advise the AEPB on the alignment of SfL Capital and all related funding to support sub-regional skills needs and ambitions.

15. The Boards will also take a strategic view of the wider skills needs and priorities among residents and employers and work with employers, providers and other stakeholders on skills priorities and developing the skills offer within their area.

16. The Boards will need to establish a common set of principles, membership, actions and governance arrangements in relation to any AEB activity that takes place. The role of these Boards will be considered as part of the regular reviews of the AEB governance arrangements.

17. A Memorandum of Understanding will be developed between the GLA, London Councils and Sub-Regional Partnerships that will set out in detail what the roles and responsibilities of each will be in relation to the devolved skills system in London.

Recommendations

Leaders' Committee is asked to:

1. Note the publication of the Mayor's draft skills and adult education strategy and provide any initial feedback on the draft strategy.
2. Comment on and endorse the proposed governance arrangements for the Adult Education Budget (AEB) in London.

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

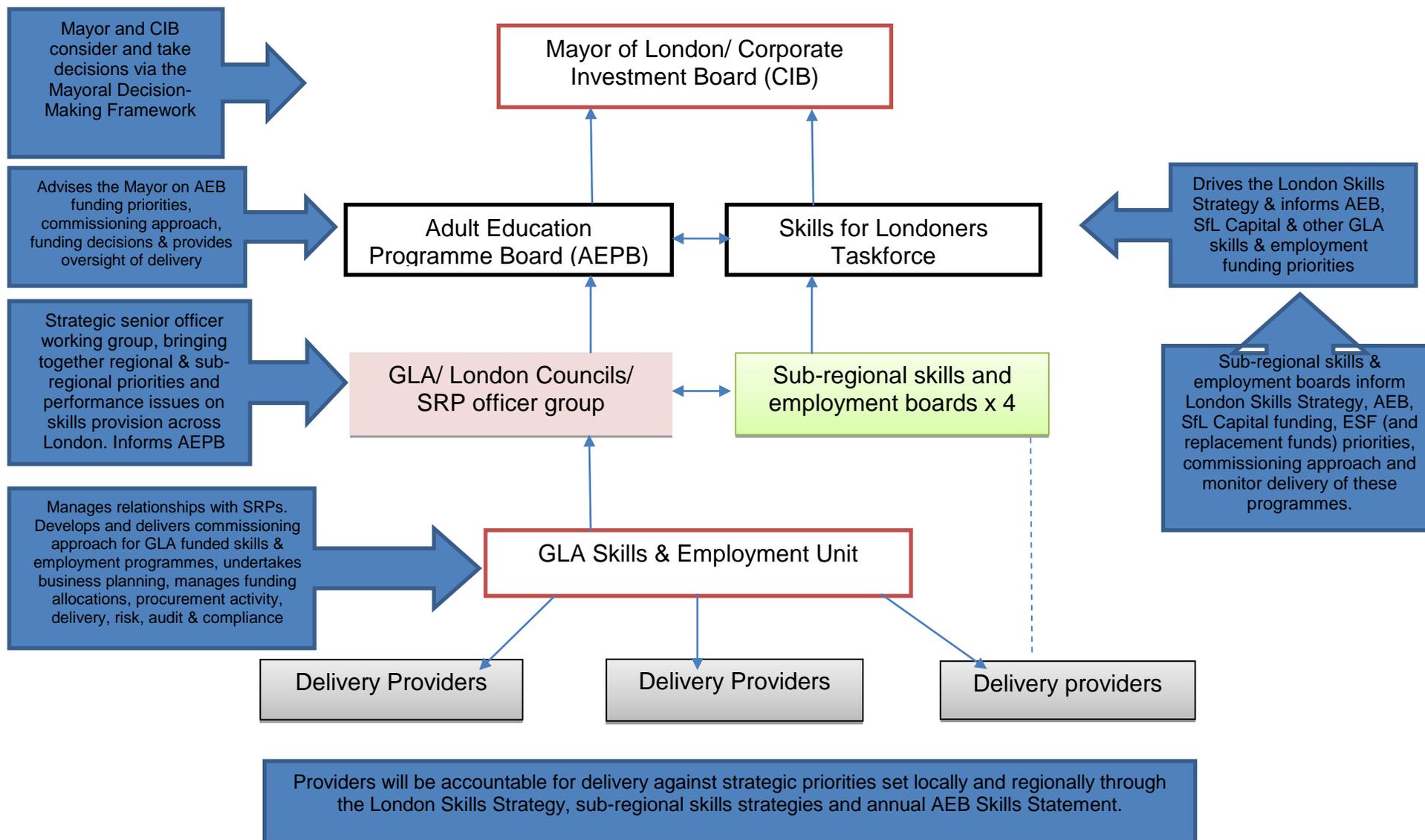
There are no direct equalities implications for London Councils as a result of this paper.

⁵ Central London Forward, Local London, South London Partnership and the West London Alliance

Attachments

Appendix 1: Proposed governance structure for the devolved Adult Education Budget from 2019/20

Proposed governance structure for the devolved Adult Education Budget from 2019/20



London Councils' Leaders' Committee

Mayors New Draft London Plan

Item 5

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

Date: 5th December 2017

Contact Officer: Eloise Shepherd

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

Summary

Appended to this report is a GLA produced briefing providing an outline of the Mayors new draft London Plan.

Statutory consultation on the draft London Plan runs from 1st December 2017 to 2nd March 2018.

The Deputy Mayor for Planning, Regeneration and Skills - Jules Pipe, will be in attendance at Leaders' Committee to give a short overview of the Plan.

Recommendations

Leaders' Committee is asked to note the attached GLA briefing on the London Plan

Draft London Plan Briefing from the GLA

Background

1. Under the legislation establishing the Greater London Authority (GLA), the Mayor is required to publish a Spatial Development Strategy (SDS) and keep it under review. The SDS is known as the London Plan. As the overall strategic plan for London, it sets out an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years.
2. The general objectives for the London Plan, and the process for drawing it up, altering it and replacing it, are set out in the Greater London Authority Act 1999 (as amended) and supporting detailed regulations. The Mayor is publishing a new draft London Plan on 29th November 2017 which has been developed in line with these requirements.
3. The document brings together the geographical and locational aspects of the Mayor's other strategies, including those dealing with transport, environment, economic development, housing, culture, and health and health inequalities. The draft Plan has been developed alongside the Mayor's other statutory strategies to ensure consistency with those strategies. In line with those other strategies, the new London Plan runs from 2019 to 2041.
4. The London Plan is legally part of each of London's Local Planning Authorities' Development Plan and must be taken into account when planning decisions are taken in any part of London. Planning applications should be determined in accordance with it, unless there are sound planning reasons (other material considerations) which indicate otherwise. The Plan provides the strategic, London-wide policy context for borough local development plan documents; all local development plan documents and Neighbourhood Plans have to be 'in general conformity' with the London Plan.

Context

5. In October 2016, the Mayor published 'A City for All Londoners'. This document set the tone for all the Mayor's strategies and the direction of travel for the Mayoralty. It discussed the high-level responses to the big challenges that London faces:

- The pressure that a fast-growing population – projected to rise from 8.9 million today to 10.5 million by 2041 - exerts on the city and its infrastructure
 - Rising inequality, with London the most unequal region in the country in terms of income, and life expectancy differing by up to 19 years between boroughs
 - The changing nature of the economy, with disruption and new opportunities created by rapid advancements in technology
 - The effects of climate change, which are becoming ever more apparent
6. The document was put out to consultation and the feedback from it has helped shape all the Mayoral strategies including the London Plan.
7. The Mayor's vision – as set out in a City for All Londoners and his various strategies – is a response to the challenges outlined above. This vision is underpinned by an ambition to deliver Good Growth – growth that is economically and socially inclusive, and environmentally sustainable.

Overview

8. Good Growth is the guiding principle for the new London Plan, which has six cross-cutting Good Growth policies, focused on creating a healthier, more efficient and more resilient city where communities have access to the homes and economic opportunities they need to thrive. The six policies are:
- Building strong and inclusive communities
 - Making the best use of land
 - Creating a healthy city
 - Delivering the homes Londoners need
 - Growing a good economy
 - Increasing efficiency and resilience
9. These policies are set out in Chapter one of the Plan. Chapter two sets out the overall spatial development pattern for London, focusing on the growth strategies for specific places in London and how they connect with the Wider South East. Chapters three to twelve cover topic-based policies (design, housing, social infrastructure, economy, heritage and culture, green infrastructure and natural environment, sustainable infrastructure, transport) and implementation.

10. The new draft Plan marks a departure from previous London Plans; it is both more ambitious and more focused on what can be delivered in planning terms. It also contains a number of new policies and policy approaches:

- The Plan includes new approaches to tackle London's housing crisis. Analysis through the Strategic Housing Market Assessment, prepared in partnership with the boroughs, suggests that London needs 66,000 new homes a year through to 2030 to address the existing shortfall in housing and accommodate London's projected population growth. The new London Plan sets out clear policies for how to accommodate as much of this need as possible - around 65,000 homes a year - within our boundaries while continuing to protect the Green Belt. This includes a focus on optimising density (including removing the density matrix to enable a design-led approach based on site evaluation) and a new presumption in favour of developing small sites.
- The Mayor has also set a strategic aim for 50 per cent of all new homes to be affordable, and introduced a number of measures to incentivise this. This includes a threshold approach to viability, whereby schemes proposing at least 35 per cent affordable housing (or 50 per cent for public land and designated industrial land deemed suitable for release) can follow a fast track route without detailed viability testing.
- The Plan affords stronger protection for land for industry, logistics and services, encouraging a plan-led approach to intensification, co-location and substitution of industrial land. It introduces a new Agent of Change policy to protect existing noise-generating uses (such as industrial or cultural venues) from noise complaints from new developments (and vice versa).
- The Plan includes a variety of measures to support the Mayor's aim for London to be a zero-carbon city by 2050, including promoting circular economy principles. It also includes policies to increase green cover in London to 50 per cent in line with the Mayor's ambition for London to be a National Park City, including a new Urban Greening Factor.

- The Plan also includes a number of measures to improve health outcomes, including to improve air quality and reduce exposure to air pollution through new developments, promote active travel through a 'Healthy Streets' approach and restrict new hot food takeaways close to schools. It also includes a new policy on public toilet provision.
- The Plan also includes policies to design out crime, to ensure the safety of all Londoners in the event of emergency evacuations from new developments, and to increase resilience to the threat of fire and terrorism.

11. The evidence base to support the policies will be published on the GLA website.

Next steps

12. The consultation period for the draft London Plan runs from 1 December 2017 to 2 March 2018.

13. Following the close of the consultation period, the next formal step will be the holding of an Examination in Public (EiP). This will be led by an independent panel of planning inspectors, who will review the comments received during the consultation on the draft London Plan and will decide which issues will be discussed at the EiP and who will be invited to take part

14. The EiP is likely to be held in the autumn of 2018. After it is completed, the panel will produce a report recommending changes to the Plan for the Mayor's consideration. Once the Mayor has decided which of the suggested changes he intends to accept, he will send a revised draft Plan to the Secretary of State for Communities and Local Government. The Secretary of State then has six weeks to decide whether or not they wish to direct that any changes should be made. Assuming the Secretary of State decides not to make a direction, the Mayor is required to lay a copy of the draft proposals before the London Assembly, which has 21 days to decide whether to reject it in its entirety (rejection requires two thirds of those voting in favour). Provided the London Assembly does not decide to reject the Plan, the Mayor can then publish the London Plan.

Leaders' Committee

Independent Panel on the Remuneration of Councillors

Item no. 6

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

Date: 5 December 2017

Contact Officer: Derek Gadd

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

Summary:

This paper offers Leaders' Committee two draft reports by the Independent Panel on the Remuneration of Councillors: one remuneration as applied to members in boroughs and a second as applied to members undertaking roles on behalf of London Councils.

The Chair of the Panel Sir Rodney Brooke CBE, DL will be attending this meeting.

Recommendations: Leaders' Committee is recommended to:

- Make any comments it may wish to go back to the Panel
- To note that it is intended to finalise the reports for publication in January 2018.

Independent Panel on the Remuneration of Councillors

Background

1. London Councils, and its predecessor body the Association of London Government (the ALG), has maintained an independent panel to look into the remuneration of councillors since 1998. Since 2000 local authorities have been obliged to set up an independent panel to consider an appropriate level of allowances for their members¹. The legislation contained special provision for London boroughs to use an independent panel set up by London Councils for this purpose rather than a local panel. Such panels only make recommendations – it remains the responsibility of each individual authority to decide the level of remuneration, and which members should be remunerated.
2. When, in 2004, the then ALG decided to remunerate its leading members for their work for London Councils, the Panel was requested to make recommendations on the scope and quantum of that remuneration so that, since that time, the Panel has made two separate sets of recommendations, one for consideration by the boroughs for their members and one for consideration by London Councils for the work members do for it.
3. From early on, the Panel recommended that members' allowances should be up-rated annually in line with the officers pay award and where this was the case the regulations required a four-yearly review². As a consequence, the Independent Panel has met every four years in time to publish a report in, 2006, 2010 and 2014.
4. The Panel was commissioned once again at Leaders' Committee on 11 July 2017. Its members were formally agreed and it began work in September 2017.
5. As in previous cycles the Panel consulted boroughs and the party groups as well as carrying out research into current practice in boroughs and elsewhere in the UK. The Panel has combined face-to-face meetings with virtual work and produced its draft reports in October 2017, so that they could be considered by the Executive at its November meeting. The Executive had no further comments save a recommendation that the report should be submitted to this meeting of Leaders' Committee). All this has been done to allow any further work that may come out of this meeting to be completed before an anticipated final publication in January 2018.

¹ Section 99 of the Local Government Act 2000

² Local Authorities (Members Allowances) (Regulations) England 2003 10 (5) Where an authority has regard to an index (officers pay award) for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.

6. Sir Rodney Brooke CBE DL, who chairs the Panel will be attending the meeting of the Executive to provide an overview of the conclusions and listen to views of Leaders' Committee.

Equalities Implications:

There are no direct Equalities implications for London Councils arising from this report.

Financial Implications:

There are no direct financial implications arising from this report.

Legal Implications:

There are no direct Legal implications for London Councils arising from this report

Recommendations:

Leaders' Committee is recommended to:

- Make any comments it may wish to go back to the Panel
- To note that it is intended to finalise the reports for publication in January 2018.

Appendices

- Appendix 1 - Remuneration of Councillors in London 2017, draft report
- Appendix 2 - London Councils 2017: Remuneration of Members, draft report

Remuneration of councillors in London 2017

Introduction

The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010 and 2014. It now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE.

The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly. However, where issues have arisen from the comments we received, we have addressed them in this report.

The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the job profile for councillors which we originally included in our 2010 report. The feedback we have received is that it continues to be appropriate.

The Local Governance Research Unit, based at Leicester Business School, recently launched a Councillor Commission as an independent review of the role and work of the councillor. The Commission's report points out that councillors oversee million-pound budgets, balancing complex financial pressures at a time of severe cutbacks in local authority spending, making decisions which will affect their areas for decades to come. In London each Borough Council is responsible for services crucial to its residents. Each has a revenue budget of up to £1.4bn as well as a substantial capital programme. The scale of their turnover and other financial activities are in many instances comparable with those of large publicly quoted companies.

Councillors are faced with unenviable choices. Demand for local authority services continues to grow. In particular, there is rapid growth in the number of old people with a corresponding increase in demand for social care. London itself faces acute housing problems. Councillors have an increased responsibility for health. Thus the strain on and competition for resources increase the demands made on elected members. The responsibilities and accountabilities are made clear after a tragedy like the Grenfell Tower fire.

The evidence we received confirms that the workload and responsibilities of councillors continue to increase and that their role has become more complex, and not only in the areas of social care, housing and health. There has been growth in the number of sub-regional meetings, partnerships and joint bodies (such as Boards for Health & Wellbeing and Safer Neighbourhoods) which require the commitment and time of leaders, cabinet members and front-line councillors. Partnership engagement makes great demands on councillors. There has been a marked increase in informal meetings, such as working groups, forums and

community gatherings as well as formal meetings like local authority companies. The expectations of the public continue to rise.

While valuable to democracy, the use of social media adds to the pressure on councillors by increasing demands from their constituents in several different ways. Communication with councillors is not only easier but immediate. The public expects a speedy response, so that it is now more difficult for councillors in employment to deal with concerns as quickly as voters expect. Not only do social media make it easier for their constituents to get hold of councillors, but they also enable an isolated concern to become an organised campaign.

Recruitment of councillors

We received evidence that it is increasingly difficult to recruit people of quality who are prepared to stand for office as councillors. Though the low level of allowances was mentioned as a reason for this, a major disincentive is the time commitment required of a councillor. That time commitment (as well as finance) can make it difficult to combine the role with a job and a family life. As one councillor commented to the Leicester Business School Commission, 'Serving on outside bodies means that I am working every day of the week, weekends too'. As was pointed out in responses we received, the problem is exacerbated in London, where councillors are on the whole younger than in other parts of the country and often in employment. They also face substantially higher costs of living. Though the time commitment may be the main disincentive to service as a councillor, it is important that, as far as reasonably possible, financial loss does not prevent people from becoming councillors. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. Allowances should be set at a level that enables people to undertake the role of councillor, while not acting as an incentive to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive. It is clearly desirable that service as a councillor is not confined to those with independent means.

Since our last report the Government has removed the possibility of councillors joining the local government pension scheme. We believe that access to the pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly significant for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. Loss of access to a pension scheme imposes a further financial penalty on councillors.

We do not repeat the arguments for appropriate remuneration for councillors which we have set out in our previous reports. We believe them to be self-evident. But we do repeat our belief in the importance of local democracy and the role of councillors within it.

The current financial and political climate

Because of the current financial climate, the local government pay settlement in recent years has been severely limited. Since our last report there have been three awards of 1%. Acutely sensitive to the current financial austerity, some boroughs have frozen members' allowances and failed to apply the pay awards to them. Indeed some boroughs have even reduced members' allowances.

Our recent reports have made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the

annual local government pay settlement. As the Government-appointed Councillors' Commission pointed out in their 2007 report, the recommendations of the London Panel has led to some convergence of members' allowances across London. Indeed, the Councillors' Commission recommended a similar system for the country as a whole. Following our recommendations, there is now considerable congruity in the basic allowance made by London boroughs.

However, most London boroughs have not adopted our recommendations in their entirety and there remain substantial differences in the amount of special responsibility allowances. We fully recognise that now is not the time to contemplate a general increase in councillors' allowances. Nevertheless we hope that in the longer term the financial situation will permit further convergence of members' allowances around our recommendations.

Level of Basic Allowance

In our last report we recommended that there should be a Basic Allowance paid to every councillor of £10,703. Updated for the local government staff pay awards since then, the figure is now £11,045. Given the loss of pension rights; growth in the volume and complexity of the work of councillors; and the limited increase in the Basic Allowance since our last report, we believe that there is a strong case for considering a larger increase. The basic allowance is now less than the allowances paid by many similar authorities outside London. In Wales, for example, the government-appointed commission sets the basic allowance at £13,400 for members of local authorities with populations which are generally substantially lower than those of London boroughs.

However we reluctantly accept that, in the current financial climate, it would be inappropriate to recommend a general increase in members' allowances (beyond the annual updating). Pegging an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. **We therefore recommend that the Basic Allowance be set at £11,045.** We believe that it remains sensible to frame recommendations which are common across London.

Special Responsibility Allowances

Given the extent of the responsibilities of leaders of London boroughs, the Panel's first report in 2001 recommended that their remuneration should equate to that of a Member of Parliament. [Our recommendations for other special responsibility allowances are related to that recommended for leaders.]

Since then the increase in the remuneration of Members of Parliament has substantially exceeded the annual local government pay increase to which we tied the special responsibility allowance for the leader of a London borough. At the time of our last report an MP received a salary of £67,060 while our recommendation for a borough leader (increases having been restricted to the local government staff pay increases) was for total remuneration of £65,472, a difference of £1,588. Updated for the local government pay awards, our recommendation for the current total remuneration of a London borough leader would be £68,130. Meanwhile the salary of MPs has increased to £76,011, a difference of £7,881. Moreover MPs continue to be entitled to a pension as well as to sundry other benefits (such as termination payments) which are not available to leaders.

In our current consultation we enquired whether the remuneration of an MP remains a sound comparator to fix the remuneration of a borough leader. In general the responses agreed that the comparator was appropriate and, if anything, that the Leaders of London

boroughs warranted a higher remuneration than an MP, because they had greater financial responsibility and legal burdens, and especially given the differential pension arrangements. Indeed one respondent authority suggested that the direct responsibilities of a Leader should command the salary of a Junior Minister.

We sympathise with the responses. Certainly the way in which MPs' remuneration has outpaced that of leaders would prompt a review of the Leaders' allowances had the Panel not had regard to the current stringent economic circumstances. For the same reasons which prompt us to peg the Basic Allowance, **we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation, plus the subsequent local government staff pay awards, ie £57,085. We recommend the maintenance of its relation to other special responsibility allowances, as set out in the Appendix to this report.** Nevertheless we hope that parity of the remuneration of the Borough leaders with the remuneration of Members of Parliament will be restored when the economic situation eases and that the other Special Responsibility Allowances will then be adjusted accordingly.

Interpretation of the Scheme

The responses from the boroughs generally indicated no problems with interpretation of our recommendations, though many had adopted lower figures, especially for special responsibility allowances. We continue to believe that the scheme we propose is sufficiently flexible to accommodate the varying political management arrangements of different London boroughs. Specifically, we were asked for guidance on what percentage of councillors should receive a special responsibility allowance. **We reiterate our view that no more than 50% of councillors should receive a special responsibility allowance. We also continue to believe that no member should receive more than one special responsibility allowance though we accept that there might exceptionally be special circumstances where allocation of more than one Special Responsibility Allowance might be justified, eg where members undertake a number of different time-consuming roles such as sitting on licensing hearings.**

We were asked to give more detailed guidance on the roles allocated to different bands and whether these could be tied to the time commitment required of a role, expressed as a percentage of the time commitment of the Leader. However, we believe that the percentages we identify should be tied not only to time commitment but also to levels of responsibility. Councils can organise their functioning in very different ways and we recognise that flexibility in applying the scheme is necessary.

Training and Support

The responsibilities of councillors are substantial, extensive and complex. We have mentioned the Grenfell Tower tragedy as a chilling instance of those responsibilities. **We believe that every borough should have an ongoing programme of member training and development and that members should be provided with logistical and clerical support to help them deal with their workload.**

Barriers to being a councillor

It is important that obstacles to becoming a councillor should be removed wherever possible. Child care costs can be a significant deterrent to service as a councillor. **We repeat our strong view that in appropriate cases when they undertake their council duties, councillors**

should be entitled to claim an allowance for care of dependents. The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

We also repeat our belief that members' allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence allowances

We continue to believe that the Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (ss 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

Update for inflation

We continue to recommend that for a period of four years the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement.

We have been asked whether it is necessary for the annual updating to be formally authorised by the council each year. The Regulations do seem to make this obligatory.

Sir Rodney Brooke CBE DL
London - 14 November 2017

Steve Bundred

Anne Watts CBE

Appendix A

Basic allowance £11,045

Special responsibilities – beyond the basic allowance

The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Calculation of special allowances

The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above, whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

BAND ONE

The posts we envisage falling within band one include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group
- Service spokesperson for first opposition group

- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:

Basic allowance: £11,045

Band One allowance: £2,582 to £9,397

Total: £13,627 to £20,442

BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g. planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

Remuneration

We propose that band two allowances should be on a sliding scale between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance £11,045

Band two allowances: £16,207 to £29,797

Total: £27,252 to £40,842

BAND THREE

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

Remuneration:

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance: £11,045

Band three allowance: £36,917 to £43,460

Total: £47,962 to £54,505

BAND FOUR

Leader of cabinet

This is a full-time job, involving a high level of responsibility and includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

Remuneration:

We propose that the remuneration package for a council leader under band four of our scheme should be £68,130.

This is made up as follows:

Basic allowance: £11,045

Band four allowance: £57,085.

Total: £68,130

BAND FIVE

Directly elected mayor

A directly elected mayor has a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the pleasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

We propose that a directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at **£85,162**.

Appendix B

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (for example, setting budgets, overall priorities, strategy).
2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations.
6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.
10. To participate in the activities of any political group of which the councillor is a member.
11. To undertake necessary training and development programmes as agreed by the authority.
12. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Appendix C

The independent panel members

Sir Rodney Brooke CBE DL had a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities. He was knighted in 2007 for his contribution to public service.

Steve Bundred was chairman of Monitor, chief executive of the Audit Commission and chief executive of the London Borough of Camden.

Anne Watts CBE has an extensive career in equality and diversity and governance that spans the private, voluntary and public sectors with organisations including the Open University, the University of Surrey, the Commission for Equality and Human Rights and Business in the Community. She chaired the Appointments Commission.

LONDON COUNCILS 2017

Remuneration of Members

Report of the Independent Panel on Members' Allowances

Introduction

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now *London Councils*) of an Independent Remuneration Panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a Panel was established and reported in 2001, 2003, 2006, 2010 and 2014. It will report again in 2017.
2. In 2004 the Panel, acting under Regulation 6 of the Regulations, made recommendations on the allowances to be paid to the elected officers of the Association of London Government. The Panel's recommendations were accepted with only slight amendment. The Panel met again in 2006 and made further recommendations about changes in the scheme. In 2010 and 2014 the Panel recommended further minor modifications, which were accepted. The Panel continued to recommend that the allowances should be updated annually in line with the local government staff pay settlement.
3. The Panel has been re-constituted and now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE. We have considered whether any change in circumstances warrants a change to the remuneration scheme.

Principles

4. The Panel continues to base its conclusions on the principles enunciated in 2004:
 - Those who contribute as London councillors to the work of *London Councils* should be remunerated along the same lines and in accordance with the same principles as members of London boroughs.
 - The level of special responsibility allowances should be such as will properly reflect the time commitment and expertise required to fulfil these roles.
 - *London Councils* remains an important representative body.
 - Financial reward is and should not be the motivation for service on *London Councils*, but equally its scheme of allowances must make it economically possible for the organisation to draw on a wide range of councillors across the political spectrum.

5. We have sought the views of the Leaders of London Councils and of the Chief Executive. They concur that the scheme is fit for purpose and requires no change. We accept their advice.
6. We are mindful of the current economic climate and the severe constraints it places on the finances of local government. Because of this climate, in recent years *London Councils* members have not accepted the pay increases negotiated for local government staff. As a result, the allowances paid are below the level which they would have reached had the increases been accepted.
7. Recognising the long-term inadvisability of allowing members' allowances to decline in real terms, we believe that the allowances should be updated to include the pay increases negotiated for local government staff. We recognise that members may choose not to accept such increases but believe that it is important that they should be formally approved if only to set a base line for the future. The schedule to this report sets out the levels of remuneration which we recommend.
8. Our previous recommendations remain in place – no member should receive more than one allowance and allowances should continue to be updated annually in line with the staff pay settlement.
9. We therefore recommend the allowance set out in the appendix below.

Rodney Brooke
Steve Bundred
Anne Watts

London - October 2017

Appendix

	Amount recommended ³	Amount taken ⁴
Executive		
Chair	£22,068	£20,997
Deputy Chair, Vice-Chair and other Executive members with portfolios	£11,034	£10,499
without portfolio	£5,519	£5,250
Party Group Policy Leads	£2,759	£2,625
Grants Committee		
Chair	£11,034	£10,499
Grants Vice-Chair	£2,759	£2,625
Transport and Environment Committee		
Chair	£11,034	£10,499
Vice-Chair	£2,759	£2,625
Greater London Employers' Forum		
Chair	£11,034	£10,499
Vice-Chair	£2,759	£2,625
Audit Committee Chair	£5,519	£5,250
Capital Ambition Chair	£5,519	£5,250
Lead member for Equalities	£5,519	£5,250
Whip	£5,519	£5,250

³ The 2014 figure increased in each year since by the local government officers' pay award

⁴ The amount taken by members has remained the same since 2014

Leaders' Committee

Local Government Finance update: Autumn Item 7 Budget 2017 and London business rates retention pilot pool 2018-19

Report by: Paul Honeyben **Job title:** Strategic Lead: Finance, Performance & Procurement
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Summary

This report provides an update to Leaders' Committee on the key announcements in the Autumn Budget 2017 that impact on London local government. These are set out in greater detail in the member briefing at Appendix A.

The report also updates Leaders' Committee on the progress of the 100% business rates retention pilot for 2018/19, confirmation of which was announced in the Budget.

Recommendations

Leaders' Committee is asked to note and discuss:

- the key announcements in the Budget that relate to London local government; and
 - the progress of the London business rates pilot pool for 2018-19.
-

Local Government Finance update: Autumn Budget 2017 and London business rates retention pilot pool 2018-19

Introduction

1. On 22 November 2017, the Chancellor Philip Hammond delivered his first Budget of the new fiscal timetable, taking tax and expenditure decisions for the financial year ahead.
2. The key announcements in the Autumn Budget relating to London local government included: confirmation of the London business rates pilot for 2018-19 (see paragraphs 18-22 below); significant policy announcements relating to housing; changes to business rates indexation and revaluation periods; universal credit; and additional funding for the NHS.

Autumn Budget 2017 - key policy announcements

3. London Councils has published a member briefing (appended to this report) setting out in detail the key announcements in the Budget that impact on London local government, which are summarised below.

Local government funding outlook

4. Lower than previously forecast economic growth and productivity forecasts, together with the continued commitment towards deficit reduction, mean the outlook for local government funding remains difficult. Despite confirmation that the Government is not going to make the remaining cuts £1.1 billion to departmental budgets in 2019-20 that had been planned, the cuts imposed by the last Spending Review and the 4 year settlement that followed remain in place. As a result, London boroughs will still have to find savings of £1.6 billion between now and 2020.

Business rates

5. In addition to the confirmation of the 100% business rates retention pilot in London in 2018-19, the most significant announcement was a change of indexation of business rates from RPI to CPI from April 2018 - 2 years earlier than previously planned at a cost of £770 million in those 2 years. The Government did confirm that local government will be fully compensated for this loss of income, but has not yet confirmed the mechanism for this.

6. It also confirmed that business rates revaluation cycles will be reduced from 5 years to 3 years following the next revaluation, currently due in 2022. A consultation on implementation is due in the spring.

Housing

7. Housing measures dominated the Budget, with the main headline committing government to raise housing supply by 300,000 per annum by the mid-2020s. The Government is adding an additional £15.2 billion to support this. The last time this level of building was reached was in 1977, when local authorities built 44 per cent of that total.
8. The HRA cap will be lifted for some local authorities, however this is limited by the fact that it won't happen until 2019-20 and, not all councils will benefit as they will have to bid to increase borrowing, which will be limited to £1 billion across England.
9. With regard to post-Grenfell remedial work, the Government is making £28 million of additional funding available to RBKC to support victims including new mental health services, regeneration support for the Lancaster West estate, and a new community space. However, the Budget did not confirm additional central funding for remedial works, but simply repeated the call for councils to contact DCLG if they could not afford "essential" works.
10. Councils will be able to increase the Empty Homes Premium from 50% to 100% in order to improve local authorities' abilities to tackle empty homes, however it is arguable whether it will be strong enough deterrent for many property owners who are keeping their properties empty.
11. An additional £2 billion was confirmed for the Affordable Homes Fund which shows Government wants councils to play a role in housebuilding, however it is expected that London's share of the pot will not meet the 72,000 new homes the Government says are needed in the capital each year.

Health and Adult Social Care

12. The Budget confirmed an additional £2.8 billion will be made available to the NHS in the next three years, with £335 million available immediately to help the NHS to increase capacity over winter. In addition, £2.6 billion of the £3.5 billion of new capital funding for the NHS in England will be for Sustainability and Transformation Partnerships to deliver transformation schemes that improve their ability to meet demand for local services.

13. Beyond announcing an additional £42 million for the Disabled Facilities Grant in 2017-18 and a green paper outlining plans to promote parity of esteem between mental and physical health conditions, to be published in December, there were no significant measures relating to adult social care. Prior to the Budget, the Government announced that the green paper (originally planned for this autumn) has been pushed back until the summer of 2018.

Universal Credit

14. From January 2018, eligible claimants will be able to access up to a month's worth of Universal Credit within five days as an advance. The period of recovery will extend from six to twelve months. From February 2018, the Government will remove the seven day waiting period, and from April 2018 claimants on Housing Benefit will continue to receive this for the first two weeks of their Universal Credit claim. Roll out will be more gradual, with all jobcentres implementing Universal Credit by December 2018.

Children's Services

15. The Budget included no measures to address the financial pressures in children's services. London Councils submission to HM Treasury ahead of the Budget highlighted the impending crises in children's social care funding and high needs funding for children with special educational needs. As reported to Leaders' Committee in October 2017, London boroughs overspent by around £100 million in children's social care last year; together with a similar scale of shortfall in high needs funding in London. This will increase pressure on children's services departments and will become unsustainable if left unaddressed.

Autumn Budget 2017 - London Councils' response

16. In addition to a factual on-the-day briefing for officers, London Councils published a briefing for members (attached at Appendix A), and published press releases in relation to:

- The 2018-19 London business rates pilot pool¹;
- Housing announcements²; and
- Universal Credit³.

¹ Available here: <http://www.londoncouncils.gov.uk/node/32981>

² Available here: <http://www.londoncouncils.gov.uk/node/32984>

³ Available here: <http://www.londoncouncils.gov.uk/node/32987>

17. In addition to national and trade press coverage, the Chair also gave an interview to Sunday Politics London that was aired on 26 November.

Business rates pilot pool 2018-19

18. On 10 October, Leaders' Committee and the Mayor agreed in principle to pool business rates in a London pilot of 100% retention in 2018-19. Leaders' Committee delegated authority to the 5 elected officers of London Councils (the Chair, Deputy Chair, and three Vice Chairs) to take the in principle agreement forward to arrive at a core proposition for the operation of the pool and to continue discussions with both the Mayor and ministers on this. The elected officers discussed this in October and agreed a final distribution option to take forward with government, on 1 November following discussions via the party groups.

19. The Chair wrote to all Leaders on 10 November confirming the proposal that London Councils and the GLA would take forward to gain agreement with Government. This set out:

- the pool principles;
- the basis for distributing any net financial benefit (15% to reward growth; 35% to reflect population; 35% to reflect Settlement Funding Assessment; and 15% set aside for a "Strategic Investment Pot");
- the preferred option for governance of the strategic investment pot; and
- the expected evaluation process that government would undertake.

20. The Government formally announced in the Autumn Budget that the London pilot of 100% business rates retention in 2018-19 has been agreed. The terms of the 100% pilot have been agreed via a memorandum of understanding (MOU) between the Chair of London Councils, the Mayor, the Secretary of State and the Minister for London.

21. Now that the final proposal has been agreed, each authority will need to take its own decisions to support the creation of the pool and the framework for its operation by mid-January. The precise form of those decisions will depend on boroughs' own constitutions and delegation arrangements. In order to facilitate and support authorities in taking these decisions, advice on the legal framework and governance options for the pool has been circulated to Chief Executives and Finance Directors, along with other supporting material to help facilitate those local decisions.

22. The preferred option for the pooling agreement will be an MOU between the 32 boroughs the City of London Corporation and the GLA, which will include the details regarding the establishment and operation of the pool, and will set out the governance principles and mechanism for the ongoing decisions about the pooled Strategic Investment Pot. At the time of drafting this was due to be circulated w/c 27 November, along with a wider pack of further supporting information.

Next steps

23. The timeline to make the pool operational is as follows:

- Government publishing draft baseline figures in the provisional settlement (Mid-December).
- Boroughs taking formal decisions to participate in the pool and the framework for its operation within 28 days of the Provisional Settlement (by mid-January 2018).
- Final baselines published in final LGF Settlement (February 2018).
- Pool goes live (April 1 2018).

Recommendations

24. Leaders' Committee is asked to note and discuss:

- the key announcements in the Budget that relate to London local government; and
- the progress of the London business rates pilot pool for 2018-19.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendix A – Spring Budget 2017 – Member briefing



Autumn Budget 2017

On 22 November, the Chancellor of the Exchequer Philip Hammond delivered the first Autumn Budget of the new fiscal event cycle. As well as the usual updates on the performance of the economy and the state of the public finances, the Chancellor made a number of key policy announcements relating to local government. This briefing sets out the key details relevant for London Local government.

Overview

This is the first autumn budget of the new fiscal event cycle. The government will, however, continue to respond to the OBR's economic forecasts in the spring in a "Spring Statement" from March 2018.

At this stage, it is too early to confirm what the exact impact on local government will be and more detail is likely to emerge over time. The key headlines for London Local government are summarised below.

Key announcements

- **London business rates retention pilot** – the government has agreed a pilot of 100 per cent business rates retention in London in 2018/19.
- **Business Rates RPI to CPI indexation** – will happen in April 2018 (two years early) costing £770 million in those two years. Local government will be fully compensated, but it's not yet clear how.
- **Business rates revaluations** – will move to three yearly revaluations following the next revaluation, currently due in 2022. A consultation on implementation due in the spring.
- **Council Tax** – power to raise empty homes premium will be doubled from 50 per cent to 100 per cent from April 2018.
- **Housing investment** – an additional £15.3 billion of new investment will be made available to support the delivery of 300,000 additional homes by the mid-2020s nationally.
- **HRA borrowing cap** – will be lifted for areas in highest need, but not until 2019/20 and local authorities will have to bid for it (this will be limited to £1 billion nationally).
- **Grenfell Tower** – £28 million additional to RBKC to support victims including new mental health services, regeneration support for the Lancaster West estate, and a new community space.

- **NHS** – additional £2.8 billion will be made available in the next three years - £335 million immediately to help the NHS to increase capacity over winter.

Not mentioned in the Budget...

- **Adult Social Care** - The adult social care green paper has been pushed back until the summer of 2018 (as announced last week).
- **Fire Safety** - there was no commitment to fund the additional fire safety costs – simply reiteration that councils should contact DCLG if they cannot afford to undertake essential work.
- **Children’s Services** – there was nothing to address the growing crisis in children’s social care or high needs funding.

Economic Outlook

- Persistently low productivity growth is expected to hold down growth throughout the forecast period and, instead of returning to the pre-recession trend, OBR now assumes that productivity growth will remain significantly below historic levels for the foreseeable future.
- Alongside the Budget, the independent Office for Budget Responsibility (OBR) publishes updated economic forecasts and an assessment of progress towards the government’s fiscal targets. The government remains on track to meet three of its four fiscal targets: bringing the structural deficit below 2 per cent in 2020/21 (‘fiscal target’), ensuring debt falls as a percentage of GDP by 2020/21 (‘supplementary target’) and keeping welfare spend below its cash limit (‘welfare cap’). The OBR expects the government to miss its fourth target of balancing the budget by the middle of the next decade (‘fiscal objective’).

Key Economic and Fiscal Indicators

- The OBR summarises the change in fiscal outlook since the Spring Budget as “a better fiscal position now, but weaker prospects looking forward”. Estimated 2016/17 public sector net borrowing has been revised downwards from £51.7 billion in the Spring Budget to £45.7 billion in the latest forecast. Despite a stronger than expected immediate fiscal position, borrowing is then not expected to fall as quickly as previously forecast over the medium-term. Public sector net borrowing is now forecast to fall to £30.1 billion by 2021/22, £13.3 billion higher than forecast at the Spring Budget.
- Revisions to borrowing forecasts have primarily been caused by a “significant near-term fiscal giveaway” in the Budget along with downwards revisions to growth forecasts.
- Inflation forecasts have been revised upwards in 2017, with inflation now expected to peak at 2.7 per cent rather than 2.3 per cent as forecast at the Spring Budget. While inflation has been pushed above target in the short-term following the depreciation of the pound, the OBR expects CPI inflation to fall back below the inflation target of 2 per cent by 2019.

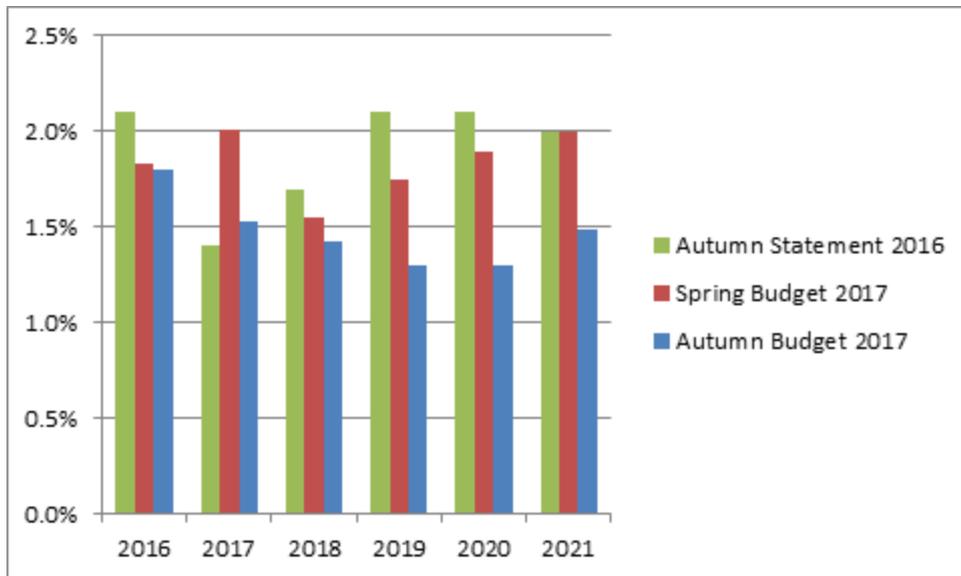
Table 1 - Key Economic and Fiscal Indicators

	2016	2017	2018	2019	2020	2021	2022
Gross domestic product (GDP) growth (%)	1.8	1.5	1.4	1.3	1.3	1.5	1.6
Public sector net borrowing (£bn)	45.7	49.9	39.5	34.7	32.8	30.1	25.6
Public sector net borrowing (deficit % of GDP)	2.3	2.4	1.9	1.6	1.5	1.3	1.1
Public sector net debt (%)	85.8	86.5	86.4	86.1	83.1	79.3	79.1
LFS unemployment (% rate)	4.9	4.4	4.3	4.4	4.6	4.6	4.6
Employment (millions)	31.7	32.1	32.3	32.4	32.5	32.6	32.7
CPI Inflation (%)	0.7	2.7	2.4	1.9	2.0	2.0	2.0

Growth

- Chart 1 shows the downwards revisions to growth forecasts since the Spring Budget, causing a weaker medium-term fiscal outlook for government debt and the deficit.

Chart 1 - Change in GDP growth forecasts since Autumn Statement 2016



Key announcements

Efficiency Review

- The government has decided not to proceed with the remaining £1.1 billion reduction in spending in that had been planned for 2019/20 as part of its Efficiency Review to save £3.5 billion over the Spending Review period (announced at Budget 2016).

London Devolution

- **100 per cent Business Rates Retention** - The government has agreed a pilot of 100 per cent business rates retention in London in 2018/19. The Greater London Authority (GLA) and London boroughs will come together to form a pool and invest revenue growth strategically on a pan- London basis.
- **London Health and Social Care Devolution** – Although not referenced in the budget speech or the Treasury’s red book, the long awaited Memorandum of Understanding between London and national partners was published on 16th November. It sets out a framework for achieving greater collaborative working between all partners, and enabling the London system to exercise greater influence over health and care in the Capital. To read the MOU click [here](#).

Business Rates

- **Indexation** – The planned switch from RPI to CPI inflation will be brought forward to April 2018 (two years earlier than planned). This will cost £2.3 billion over five years nationally (£770 million in the first two years). Local government will be “fully compensated” for the loss of income. It is assumed that this will be funded by section 31 grant, but this is yet to be confirmed.
- **Reliefs** – The £1,000 business rates discount for public houses will be extended by one year to March 2019 – again this will be fully funded.

- **Revaluations** – The frequency of revaluations will move to three years following the next revaluation, currently due in 2022. A consultation on implementation is due in the spring.

Council tax

- **Empty homes premium** – Local authorities will be able to increase the council tax premium from 50 per cent to 100 per cent.

Housing

An additional £15.3 billion of new financial support will be made available creating a total of at least £44 billion of capital funding over the next five years (including grant, loans and guarantees) to support the target of 300,000 net additional homes per year by mid-2020s. Initiatives include:

- Local authorities in areas of high demand - details to be confirmed - will be invited to bid for increases in their HRA borrowing caps from 2019/20, up to a total of £1 billion by the end of 2021/22.
- The Budget confirms the extra £2 billion promised by the Prime Minister in October for the Affordable Homes Programme.
- An additional £1.5 billion will be put forward for the Home Building Fund to support SME builders.
- £630 million small sites fund to unlock 40,000 homes through investment in infrastructure and remediation.
- £2.7 billion to more than double the Housing Infrastructure Fund.
- £400 million of loan funding will be made available for estate regeneration.
- £1.1 billion for a new Land Assembly Fund to help unlock strategic sites – including new settlement and urban regeneration.
- Government will explore options with industry to create £8 billion of new financial guarantees for house builders and purpose built PRS.
- £34 million to develop construction skills by scaling up existing training models.
- The HCA will expand to become Homes England – bringing together money, expertise and planning and CPO powers to facilitate the delivery of new homes where they are needed.

Local Housing Allowance

- Government will increase the Targeted Affordability Fund by £125 million (£40 million in 2018/19 and £85 million in 2019/20) in areas of greatest pressure.

Right to Buy

- Government will proceed with a £200 million largescale regional pilot of the Right to Buy for housing association tenants in the Midlands.

Homelessness

- Government will provide £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector.
- The government will launch a new taskforce to advise it on its target to halve rough sleeping by 2022 and eradicate it by 2027.
- £28 million for three new housing first pilots in Manchester, West Midlands and Liverpool.

Grenfell Tower fire response

- RB Kensington and Chelsea will receive a further £28 million for work around mental health and counselling, regeneration and community space.
- Local authorities and housing association must undertake essential fire safety works. Councils should contact DCLG if they cannot afford to undertake essential work.

Planning

- Government will consult on policies to increase density in urban areas, including:
 - *Minimum densities for housing development in city centres and around transport hubs.*
 - *Greater support for the use of compulsory purchase powers for site assembly.*
 - *Support the conversion of empty space above high street shops.*
 - *Making it easier to convert retail and employment land into housing.*
 - *A permitted development right to allow commercial buildings to be demolished and replaced with homes.*
- On delivery, a consultation will be launched on:
 - *Expecting local authorities to bring forward 20 per cent of their housing supply as small sites.*
 - *Speeding up the development process by removing the exemptions from the deemed discharge rules.*
- **Planning permission** - Oliver Letwin MP will chair a review of unbuilt planning permission and if there is evidence of land banking then government will intervene through CPO and direct intervention.
- **Section 106** - Restrictions on pooling Section 106 funds will be removed in certain circumstances where a local authority has adopted the Community Infrastructure Levy (CIL).
- **CIL** – levels will be indexed to house price inflation rather than build costs. It will become easier to set and revise CIL levels to help react to changing market circumstances. Councils will also be able set different rates for properties changing between land uses.

Health and Social Care

- **NHS Funding** – the government will provide £2.8 billion of additional funding in England to 2020. £335 million of this will be provided over the coming winter, £1.6 billion in 2018/19, and £900 million in 2019/20.
- **Disabled Facilities Grant** – The government will provide an additional £42 million for the Disabled Facilities Grant in 2017/18, bringing the total budget for this year to £473 million.
- **Qualifying Care Relief** – the government will extend the qualifying care relief simplifications to cover self-funded Shared Lives care payments.
- **Banking fines** – the government will allocate over £5 million in banking fines to Scotland, Wales, and Northern Ireland, to support projects around mental health for veterans of combat, support for injured police officers, and other similar schemes.
- **Mental Health** – A green paper will be published in December, outlining plans to promote parity of esteem between mental and physical health conditions. The budget commits £28 million to those affected by the Grenfell Tower tragedy, including funding of mental health services, regeneration support, and a new community space.

- **Sustainability and Transformation Partnerships** - £2.6 billion of the £3.5 billion of new capital funding for the NHS in England will be for local groups of NHS organisations to deliver transformation schemes that improve their ability to meet demand for local services.
- **Adult social care Green Paper** – This was not mentioned in the budget, and is now expected to be published in summer 2018.

Industrial Strategy, Transport and infrastructure

- **National Productivity Investment Fund** - The Budget increases the size of the National Productivity Investment Fund (NPIF) from £23 billion to £31 billion and extends it into 2022/23. This money is targeted at areas crucial for productivity: housing, transport, R&D and digital communications.
- **Crossrail 2** – The government will continue to work with Transport for London on developing fair and affordable plans for Crossrail 2, including through an independent review of funding and financing.
- **Air quality** – The government will provide £220 million for a new Clean Air Fund and is launching a consultation alongside Budget on options that could be supported by it.
- **Upgrading infrastructure** – the Budget announces a £1.7 billion Transforming Cities Fund to improve local transport connections and commits £385 million to projects to develop next generation 5G mobile and full-fibre broadband networks, both funded from the NPIF.
- **Local full-fibre networks** – Full-fibre is the gold standard for fast and reliable broadband. The government is launching a new £190 million Challenge Fund that local areas around the country will bid for to encourage faster rollout of full-fibre networks by industry. Children in 100 schools around the country will be some of the first to benefit, starting with a pilot in the East Midlands in early 2018.
- **Pothole fund** – The government is investing an additional £45 million in 2017/18 to tackle around 900,000 potholes across England.
- **Skills** - The Budget invests an additional £406 million in maths and technical education, and in helping people develop the skills they need to succeed in the new economy. The Lifelong learning initiatives include £8.5 million over the next two years to support Unionlearn, an organisation of the Trades Union Congress to boost learning in the workplace, and £30 million to test the use of AI and innovative EdTech in online digital skills courses.
- **Digital rail upgrade** - The government is allocating a further £5 million from the NPIF for development funding for a digital railway upgrade on the South East and East London Lines, and will also fund a digital signalling scheme at Moorgate.

Schools

- **Mathematics** - Additional support will be provided to support maths teaching, including £18 million to support specialist maths schools and £27 million to expand the Teaching for Mastery maths program. Schools will also receive an additional £600 for every pupil that takes Mathematics or Further Mathematics A-level.
- **Computer science** - £84 million will be provided to upskill 8,000 computer science teachers and £20 million will be provided to support the introduction of T-levels.

Welfare

- **Universal Credit** – from January 2018 eligible claimants will be able to access up to a month's worth of Universal Credit within five days as an advance. The period of recovery will extend

from six to 12 months. From February 2018 the government will remove the seven day waiting period, and from April 2018 claimants on Housing Benefit will continue to receive this for the first two weeks of their Universal Credit claim. Roll out will be more gradual, with all jobcentres implementing Universal Credit by December 2018. £8 million will be allocated to trialling approaches to increase earnings of individuals on Universal Credit.

- **State Pension and Pension Credit** – the basic and full State Pension will both rise by 3 per cent in April 2018, with the Standard Minimum Guarantee also updated. This is funded by an increase in the Savings Credit threshold.

Public Sector Productivity

- **Public Value Framework** – the government accepts the recommendation of the Barber review, to implement a public value framework tool to measure the effect of public spending.
- **GovTech** – the government will commit £20 million over three years of R&D funding to support procurement of innovative products. In parallel, the government will create “GovTech Catalyst”, a small unit in the digital service to give businesses a clear access point to government.
- **Strategy** – the government will continue workforce planning, management, and monitoring, and conduct a review of its balance sheet to make better use of its £1.7 trillion in assets and £3.7 trillion in liabilities. The government will also create a Public Service Leadership Academy to share best practice in leadership across public services.
- **Public Sector Pay** – the relevant Secretaries of State will be writing to the various Pay Review Bodies to initiate the 2018/19 pay round, call for evidence on each profession, and await the PRB recommendations in the spring.

Commentary

The second budget of the year provided few welcome announcements for London local government, and was more significant for what it didn't say than what it did. Although the Chancellor confirmed the government is not going to make the remaining £1.1 billion cuts to departmental budgets in 2019/20 that had been planned, the cuts imposed by the last Spending Review and the four year settlement that followed remain in place. As a result, London boroughs will still have to find savings of £1.6 billion between now and 2020.

To some extent the Chancellor's hands were tied by the lower than previously forecast growth and productivity forecasts which, together with the continued commitment towards deficit reduction, meant the outlook for local government funding remains bleak.

Housing measures dominated the Budget, with the main headline committing government to raise housing supply by 300,000 per annum by the mid-2020s. The last time this level of building was reached was in 1977, when local authorities built 44 per cent of that total. If the government wants to achieve this target it must remove the constraints placed on local government and allow it to make a meaningful contribution to the target.

One such constraint is the Housing Revenue Account borrowing cap, which London Councils has consistently lobbied to be removed. The announcement that the cap will be lifted for some local authorities, while welcome, is limited by the fact that it won't happen until 2019/20 and, not all councils will benefit as they will have to bid to increase borrowing which will be limited to £1 billion across all councils.

On the issue of post-Grenfell remedial work, London Councils estimates the cost across just 21 councils (not including RBKC) is likely to exceed £400 million, including £53 million of immediate remedial work in 2017/18. It was therefore disappointing that the Budget did not

confirm additional central funding for these remedial works, but simply repeated the call for councils to contact DCLG if they could not afford “essential” works. In order to meet these additional costs, funds will be redirected away from investment to increase local housing supply and maintain their existing housing stock.

The Empty Homes Premium is a welcome addition to local authorities’ abilities to tackle empty homes but is arguable whether it will be strong enough deterrent for many property owners who are keeping their properties empty. While the additional £2 billion confirmed for the Affordable Homes Fund shows that government wants councils to play a role in housebuilding, London’s share of the pot will not meet the 72,000 new homes the government says are needed in the capital each year.

Particularly notable by their absence were any measures to address the funding crises in adult social care and children’s services that London Councils has consistently highlighted in our lobbying. On the former, the green paper previously promised for this autumn has been pushed back until summer 2018. More ominously, there was no indication that the government recognises the impending crises in children’s social care funding and high needs funding for children with special educational needs. London boroughs overspent by around £100 million in children’s social care last year; together with a similar scale of shortfall in high needs funding in London. This will increase pressure on children’s services departments. This pressure will become unsustainable if left unaddressed.

With regard to local government funding there were some significant announcement relating to business rates. The switch from RPI to CPI indexation of business rates two years earlier than planned, from April 2018, is concerning. While the government has said that this will be compensated for, it has not yet clarified how. This demonstrates the wider exposure of local authority budget planning to central decision making. In the longer term, as we have previously highlighted, this seemingly small change will reduce local government income by a cumulative £80 billion over 20 years. It demonstrates why full devolution of business rates – power to set, collect and distribute the tax – to local government is necessary to ensure financial sustainability over the long term.

In this respect, the confirmation of the 100 per cent business rates retention pilot in London in 2018/19, which it is estimated could deliver an additional £240 million of financial benefit to London Government next year, is a small but welcome step towards greater local control of the taxes that are raised in the capital. While a long way short of the fiscal devolution envisaged by the London Finance Commission, it will not only provide short term financial benefits, it will strengthen the governance and decision making arrangements between the two tiers of government in London that will produce broader strategic benefits over the longer term.

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This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Local Government Finance

London Councils' Leaders' Committee

Health and Social Care Devolution

Item 8

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

Date: 5th December 2017

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Summary This report notes the publication of the London Health and Social Care Devolution Memorandum of Understanding and lays out the implications and opportunities for London borough Leaders.

Recommendations Leaders' Committee is invited to note the publication of the London Health and Social Care Devolution Memorandum of Understanding and that detailed reports on the delivery of the commitments in the MoU will be reported to future meetings.

Health and Social Care Devolution

Introduction

1. In December 2015, London boroughs came together with partners in health and the Mayor of London to jointly sign a Health and Care Devolution Agreement. This agreement captured a shared commitment to unblock reform in areas where previous efforts to change and deliver improvement had been hindered.
2. Specifically, through the 2015 London Health and Care Devolution Agreement, London and national partners recognised –
 - the need to shift from reactive care to prevention, early intervention, self-care and care closer to home
 - the scale and complexity of the health and care system in London - improvement will be driven at different geographic levels
 - the need to tailor solutions to the different needs of people and places and that locally shaped solutions will progress at different paces
 - The importance of enablers, including estates.
3. As a consequence, London and national partners agreed to work together to explore:
 - aligning capital programmes and removing barriers to make best use of the NHS estate
 - flexibility of payment mechanisms
 - developing place-based provider regulation
 - workforce planning and delivery of education and training
 - devolving transformation funding
 - using planning & licensing to support prevention
 - joint working on employment and health.
4. Since then, local, London and national partners have been working closely together to examine how the transfer of powers, decisions and resources to more local levels could help unblock barriers and improve health and care for Londoners. This work has crystallised through London's five pilots which have explored how devolution could work at different spatial levels, with different areas of focus.

A London Health and Social Care Devolution Memorandum of Understanding

5. The Health and Care Devolution Memorandum of Understanding (MoU) signed on 16 November sets up a new phase of devolution in the capital. The signing reaffirms a shared commitment to accelerate improvement to the health and care of all Londoners through the devolution or delegation of powers and granting of new freedoms to London. It opens up new opportunities for London, at the local, multi-borough and regional level, to better shape provision to local needs and reform the way London health and local government operates so that residents have the best chance to live longer, healthier lives. A full briefing on the MoU is **attached** as appendix one.

6. The new powers and freedoms that have been gained through devolution provide a platform for accelerating the development of borough-led integration models in order to improve the health and care system locally. London boroughs with the Mayor and health partners will collectively need to account for how effectively these new powers are used.
7. The period to come, post-MoU, represents the greatest opportunity for London boroughs to shape the delivery of reform and show how London borough's local knowledge and leadership accelerates fundamental improvements in health and care services locally and throughout the Capital.

Opportunity areas

8. The MoU is broad and in many places permissive. It is however, built on a clear and overriding principle of subsidiarity. London boroughs have opportunities to act as first movers in shaping future services. This will depend on boroughs and their local partners developing ways to take advantage of the opportunities offered by the MoU, where the borough influence will be greatest where partnerships bring forward positive proposals. In the absence of positive propositions emerging through boroughs, there is a risk of becoming joint owners of solutions developed elsewhere.
9. The priority areas where the biggest opportunities present themselves are set out below.

Capital and estates

10. The MoU offers London the opportunity to make more decisions regarding the disposal of NHS assets and use of receipts within the London system, by delegating capital business cases and spending decisions within the parameters of statutory powers and national approval thresholds. For London to achieve this, it has been required to set up a London Estates Board.
11. The London Estates Board will also ensure that more investments "are best considered jointly" by both NHS and local government, which over time will extend to joint consideration and decision making. Through the London Estates Board, London will be able to ensure that it gets the greatest possible value from land sales by considering opportunities for 'marriage value' from nearby surplus public sector sites.
12. The London Estates Board will ensure London is able to prioritise capital plans in the Capital. In 2018, Leaders' Committee will receive reports on the work of the London Estates Board and the strategic plan for capital investment in London. As the London Estates Board takes on more formal powers, there will also be the opportunity for sub-regional groups to be more actively involved in decision making.

Integration – Commissioning and Regulation

13. London's growing and ageing population is creating the need for new and more tailored responses from the health and care system in London amid significant financial challenge. National policy and local priorities have begun to converge towards finding ways of creating joint or single commissioning arrangements which underpin new models of care and which provide care that is out of hospital and closer to home. This requires boroughs to consider the ways different parts of the system can work together more closely.
14. The MoU offers London the opportunity to work together, including with NHS England and NHS Improvement, to support local (borough) and multi-borough areas to develop innovative models of payment. Under the MoU, London will pilot these models, assess them and, where the case is made, ensure they are useable across London.
15. London has also committed to explore jointly, with national partners, barriers to joint or lead commissioning approaches and how to overcome them, including those around governance.
16. Similarly, the MoU commits London to working with NHS England and NHS Improvement to create more streamlined regulation of the system in London. It points the way to joining up processes and timetables, as well as to working with CQC. London will need to develop and test these new approaches in order to remove obstacles to better joined up care.
17. Through the London Health and Care Strategic Partnership, established under the MoU, borough and health partners will produce a delivery plan for developing and implementing these and other reforms London has committed to under the MoU. Through Leaders' Committee, borough Leaders will be briefed on how London will deliver against these commitments and opportunities for utilising reforms which flow from the MoU. This will be in addition to the work which borough and local partners may do to utilise the MoU opportunities in pushing forward with their own local reforms.

Prevention

18. The prevention section of the MoU is the most complex and least specific. It offers the potential for a pilot work and health project in the London Borough of Haringey, subject to agreement with national partners regarding resourcing the pilot.
19. More generally, however, the MoU as it relates to prevention contains a series of commitments to discussion between national and pan-London government, London Councils and boroughs. This prevention theme strongly connects with the Mayor of London, both in terms of the Mayor's wider planning, environmental and housing powers and his duty to publish a Health Inequalities Strategy. Therefore, a detailed report on prevention will need to come to Leaders, following discussions with borough and London Partners regarding the potential alignment of the MoU and the wider strategic powers available to London.

Governance

20. At a political level, the MoU is explicit that it does not alter existing accountability structures. However, the MoU positions the London Health Board as providing pan-London political oversight, and in doing so raises the prospect of changes to the way in which the London Health Board operates. There are no immediate proposals for Leaders to consider in terms of the London Health Board. London Councils' representatives are Cllrs Kevin Davis, Denise Hyland and Richard Watts.
21. However, given the primacy of the subsidiarity principle within the MoU, local borough political leadership is critical to ensuring that improvements flowing from the MoU are captured within individual London boroughs. To provide some support, facilitation and coordination to support borough political leaderships in their ability to grip and go forward with devolution, it is proposed that the London Health and Wellbeing Board Chairs' Network be invited to receive updates on and comment on the MoU delivery plan in addition to reports coming to Executive and Leaders' Committee.

Conclusion

22. Appendix one illustrates both breadth and complexity and also the opportunity of the health devolution MoU.
23. Greater influence over capital receipts/investment through the London Estates Board, as well as London's say over our share of transformation funding, opens up possibilities around a better resourced and balanced package of local reforms and improvements.
24. Clearly, through the London Health and Care Strategic Partnership Board and the London Estates Board, officers will bring forward a detailed delivery plan, which will in turn require further reports to be brought to Leaders' Committee. However, it is clear that London boroughs will have a central role to play in the detail and delivery of reform. Boroughs, Leaders and Health and Wellbeing boards should be actively encouraging a local consideration about how the MoU can help the system realise local priorities/objectives

Financial Implications for London Councils

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

Legal Implications for London Councils

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

Equalities implications for London Councils

There are no equalities implications for London Councils.



Health and Social Care Devolution: A Memorandum of Understanding

This briefing updates members on the most recent developments in the devolution of health and care to London government following the signing of a Memorandum of Understanding earlier this week.

Background

In December 2015, London boroughs came together with partners in health and the Mayor of London to jointly sign a Health and Care Devolution Agreement. This agreement captured a shared commitment to unblock reform in areas where previous efforts to change and deliver improvement had been hindered.

Specifically, through the 2015 London Health and Care Devolution Agreement, London and national partners recognised :

- the need to shift from reactive care to prevention, early intervention, self-care and care closer to home
- the scale and complexity of the health and care system in London - improvement will be driven at different geographic levels
- the need to tailor solutions to the different needs of people and places and that locally shaped solutions will progress at different paces
- the importance of enablers, including estates.

As a consequence, London and national partners agreed to work together to explore:

- aligning capital programmes and removing barriers to make best use of the NHS estate
- flexibility of payment mechanisms
- developing place-based provider regulation
- workforce planning and delivery of education and training
- devolving transformation funding
- using planning and licensing to support prevention
- joint working on employment and health.

Since then, borough, London and national partners have been working closely together to examine how the transfer of powers, decisions and resources to more local levels could help unblock barriers to improving care for Londoners. This work has crystallised through London's five pilots which have explored how devolution could work at different spatial levels, with different areas of focus:

Estates in Barnet, Camden, Enfield, Haringey and Islington ('North Central London'): making better use of health and care buildings and land.

Prevention in Haringey: exploring licensing and planning powers needed to ensure that local environments support health, and looking at early intervention to support those who have fallen out of work due to mental health issues.

Integration in Hackney: bringing together mental and physical health services, and health and social care budgets.

Integration across Barking and Dagenham, Havering and Redbridge: delivering a personalised health and care service focusing on self-care, prevention and local services that enable the sustainability of the health and care system.

Integration in Lewisham: creating "One Lewisham Health and Social Care system" by combining services and social care.

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The Health and Care Devolution Memorandum of Understanding signed earlier this week sets up a new phase of devolution in the capital
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A Health and Care Devolution Memorandum of Understanding

The Health and Care Devolution Memorandum of Understanding (MoU) signed earlier this week sets up a new phase of devolution in the capital. The signing reaffirms a shared commitment to accelerate improvement to the health and care of all Londoners through the devolution or delegation of powers and granting of new freedoms to London. It opens up new opportunities for London, at the local, multi-borough and regional level, to better shape provision to local needs and reform the way we do things so that all our residents have the best chance to live longer, healthier lives.

What does the devolution MoU mean for London?

Better use of NHS buildings and land

The MoU offers London the opportunity to:

- Make more decisions regarding the disposal of NHS assets and use of receipts within the London system, by delegating capital business case and spending decision within constraints of statutory powers and national approval thresholds.
- By establishing a London Estates Board, for each development London will know who is making key decisions and when, creating more efficiency, quality and transparency of the process and decisions around health and care estate development.
- Consider capital cases which "are best considered jointly" by both NHS and local government at a sub-regional or lower funding level.
- Operate within a capital budget set each year by national and London Partners, including a spending profile for retained capital receipts and the ability of the London Estates Board and sub-regional Boards to make recommendations on how to spend these receipts.
- Work with the Department of Health and sub-regions to ensure release of sites takes account of local public sector opportunities.
- By working more closely together, enable the development of a clearer picture of the condition and purpose of NHS land and buildings in London. This will help London to shape and plan how these assets are best used and deliver greater efficiency and flexibility in how NHS estate, which will help reduce waste and improve usage.

With regard to the capital need in London, the benefits of the MoU include:

- By having more influence and power over London's estate and capital receipts, there will be more capital available to support the much-needed investment in health and care estate, without relying on the availability of national capital.
- Through local government partnerships, we can ensure that we get the greatest possible value from land sales by considering opportunities for 'marriage value' from nearby surplus public sector sites
- London will be able to plan health and care investment more effectively with opportunities to raise capital clearly linked to robust and sustainable estates strategies that support local health and care plans.
- As surplus land is released, there will be more opportunities to consider the opportunities to deliver more primary and community care, housing, schools and wider public sector ambitions in London.

Integration will improve health and care services for Londoners

Commissioning and payments

London's growing, aging and more diverse population is creating the need for new and more tailored responses from the health and care system in the capital amid significant financial challenge. The direction of national policy and local priority has converged on the need to find ways of creating joint or single commissioning arrangements which underpin new models of care which are designed to ensure Londoners health and care is more seamless, provided closer to home and out of hospital. This requires us to change the way we work – so that different parts of the system can work together much more closely together.

The MoU offers London the opportunity to:

- Work together, including with NHS England and NHS Improvement, to support local (borough) and multi-borough areas in co-developing innovative models of payment. London will:
 - *Rapidly pilot these models.*
 - *Ensure they are useable across London – and beyond.*
 - *Assess them robustly.*
- Explore delegating some specialised commissioning to sub-regional decision making.
- Jointly explore, with national partners, barriers to joint or lead commissioning approaches and how to fix them, including barriers to reform of governance.

The MoU will also deliver:

- Delegated functions and budgets to London, including:
 - *Primary medical service commissioning to local (borough) level if and where agreed.*
 - *Delegate London share of Transformation Funding (circa £120 million).*
 - *A commitment that London will continue to be able to access new and relevant funding streams that emerge over time.*

With the powers above London has committed to:

- Create financial incentives to better meet need.
- Create more formal integrated joint working.
- Create care plans that are financially sustainable and enhance quality.
- Share learning beyond London.

Regulation

By health and care organisations working more closely together, the approach to regulation needs to reflect a more integrated way of working. Organisation-based regulation does not directly support the more integrated models of health and care delivery that local areas are developing.

The opportunities devolution will bring:

- A commitment that London will work with NHS England and NHS Improvement to create more streamlined regulation of the system in London, and joining up processes and aligning timetables, including a commitment to joint appointments in some key roles.
- A further commitment to work with CQC to take steps that deliver closer working at London level with NHS England and NHS Improvement.
- London national partners will work with London to explore the potential to create a new oversight model using a place based framework, including:
 - *Being consistent with Next Steps delivery plan.*
 - *Regulation of delivery system as a whole alongside individual units.*
 - *Supporting development of lead accountable providers.*
 - *As far as possible bringing together oversight of CCGs with that of providers.*
 - *Consequential freedoms and flexibilities.*

The benefits of devolution:

- Health and care organisations will receive consistent advice and guidance, a joined-up

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and targeted approach to any quality or financial issues and fewer administrative burdens to respond to different requests for information.

- A more aligned and system-based, rather than organisation-based, approach to regulation which supports early intervention through partnerships and integration.
- Shared leadership and accountability for pathways of care and system challenges, supported by regulation.

Workforce and skills

The people that work in health and care are critical to achieving London's transformation goals and improving our overall health. New models of care being developed by integration pilot areas rely on staff being able to work across organisational or care boundaries.

The opportunities devolution will bring:

- The establishment of a London wide workforce delivery system using collaboration of Health Education England, Skills for Health and Skills for Care.
- Ability to maximise links to Further Education Colleges and devolved employment programmes through work of GLA and London Councils.
- To explore single employer framework with employers and trade unions.
- Seek to better target the existing pay envelope through:
 - *More unified job evaluation and performance management.*
 - *Support to explore joint pay scales and approaches to changing terms and conditions to create combined roles.*
 - *Co-locating health and care staff.*

The benefits of devolution that London and national partners have committed to explore and develop approaches which will lead to joint health and care training and workforce development, co-location of health and care workforce, and creation of combined roles that will have a positive impact on services. These freedoms and reforms should allow London to implement collaborative, integrated health and care workforce to support new models of care helping to deliver higher quality care and extended services to consistent standards.

Prevention

The MoU provides an opportunity to create better environments in which people can flourish, complementing individual Londoners' efforts on staying healthy.

The opportunities devolution will bring:

- National partners will work with London in support of setting up a borough led pan-London illegal tobacco and counterfeit alcohol team.
- Department of Health and Department for Education will work with London Partners to co-ordinate coordinate programmes targeting childhood obesity.
- Support for London to further explore options to further restrict advertising of unhealthy food and drink in specific locations, including a commitment that London will work with Committee of Advertising Practise on advertising of high fat, salt and sugar as new rules apply from July 2017.
- Department of Health and Department of Work and Pensions through the Work and Health Unit, commit to work with London to test improvements to support of people at risk of becoming long term unemployed.

The benefits of devolution:

- Collaboration on efforts to explore the evidence base for establishing a London wide illegal tobacco and counterfeit alcohol enforcement team will enhance London's efforts to reduce the availability of cheap illicit tobacco and alcohol and minimise health harms, especially to children and young people, along with strengthening city-wide action on illegal tobacco and alcohol and generating more duties paid to the exchequer.

Through a place-based approach that puts health and wellbeing at the heart of the MoU, London has real opportunities to tackle the wider determinants of health – including employment, planning and housing - and address health inequalities.

Commentary

In December 2015, London entered into an agreement to come forward with devolution proposals for improving health and wellbeing outcomes, inequalities and services across the capital through new ways of working together and with the public.

London health devolution pilot areas have undertaken a huge amount of work during 2016 and 2017 in refining the evidence base and specificity of devolution needs and propositions. These are critical to the faster and deeper integration and reform of health and care. The offer explicit alongside these asks is that local integration through new approaches to health and care will give Londoners a better chance to live longer, healthier lives.

The new powers and freedoms that have been gained through the devolution MoU provide a platform for accelerating the development of borough-led integration models and so improving the health and care system locally. The period to come, post-MoU, represents the greatest opportunity for London boroughs to shape the delivery of reform and show how boroughs are leading the future of health and care in the capital based on a deep and thorough understanding of local need and circumstances.

In the same manner as individual pilot areas have led the agenda, so the task facing the wider system, in part, appears to be how to ensure reform emerges through bottom-up, locally designed solutions. This will be a central task for the coming 12 to 24 months and points to questions of how best the local story can be told, how Leaders can shape this and how best London can harness the collective ambition to deliver on the MoU and improve health and care for Londoners. The degree to which the powers and freedoms can be unlocked will be contingent on our ability to do this effectively.

The period to come, post-MoU, represents the greatest opportunity for London boroughs to shape the delivery of reform and show how boroughs are leading the future of health and care in the capital

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Links:

[Landmark devolution deal to improve health and care across the capital signed](#)

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Leaders' Committee

London Councils Grants Scheme - Item no: 9 Budget Proposals 2018/19

Report by: Frank Smith **Job title:** Director of Corporate Resources
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Summary This report considers the proposed budget for the Grants Scheme for 2018/19 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval. These proposals were considered by the Grants Committee at its meeting on 22 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals.

- Recommendations** The Leaders' Committee is asked to agree:
- an overall level of expenditure of £8.668 million for the Grants Scheme in 2018/19 (inclusive of £2 million gross ESF programme);
 - that taking into account the application of £1 million ESF grant and a matched £1 million contribution from accumulated reserves, borough contributions for 2018/19 should be £6.668 million;
 - that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2018 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £8.668 million);
 - that constituent councils be advised that the apportionment of contributions for 2018/19 will be based on the ONS mid-year population estimates for June 2016; and
 - that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £555,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £120,000.

London Councils Grants Scheme - Budget Proposals 2018/19

Introduction

1. This report details the indicative overall budget requirement for the London Boroughs Grants Scheme for 2018/19 of £8.668 million, the same level as for 2017/18 after deducting borough repayments and City Bridge Trust support in 2017/18) comprising:
 - The cost of the borough scheme of priority, pan-London commissioned services of £6.668 million, which includes the cost of administering the borough scheme, equating to £435,000 or 6.5% (4.2% excluding central recharges of £155,000) of the proposed grants programme of £6.668 million, inclusive of the membership subscriptions for boroughs for London Funders of £60,000; and
 - The gross cost of the ESF programme of £2 million, including £120,000 administration costs, offset by ESF grant of £1 million, leaving a net cost of £1 million to be funded from accumulated reserves. Boroughs will no longer make a separate £1 million contribution to this strand of the grants programme, as the three-year funding commitment of £3 million expired at the end of 2017/18.
2. The proposed total expenditure budget of £8.668 million will be funded by borough contribution of £6.668 million, ESF grant income of £1 million and a transfer from accumulated S.48 ESF reserves of £1 million.
3. These proposals were considered by the Grants Committee at its meeting on 22 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals. The Leaders' Committee will need to reach a view on both the appropriate overall level of expenditure and to recommend the budget to constituent Councils.
4. The financial year 2018/19 represents to second year of the four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016, with new commissions being agreed with effect from 1 April 2017.

Approval of Expenditure

5. The statutory basis of the Grants Scheme is Section 48, Local Government Act 1985. Constituent councils agreed to some changes to the operation of the Scheme as part of the establishment of the new ALG on 1 April 2000: these changes mean that the budget for the London Councils Grants Scheme must be approved by the London Councils Leaders' Committee. This will need to happen before any budget that is recommended to constituent councils by the Grants Committee can be formally referred to them as a basis for consideration in their respective councils.
6. The budget proposals contained in this report were considered by the Grants Committee at its meeting on 22 November and the recommendations of the Grants Committee are reflected in this report. If Leaders do not accept the recommendations of the Grants Committee, and instead agree to recommend a different budget figure to Boroughs, the Grants Committee will need to meet urgently to consider the implications for the Grants programme.
7. Section 48(3) of the Local Government Act 1985 requires that at least two-thirds of the constituent councils in Greater London must approve the proposed overall level of expenditure on grants to voluntary organisations and other costs incurred in "the making of grants". This is not a decision that can be delegated to the Grants Committee although that Committee is able to make decisions with regard to allocation of that expenditure once overall expenditure has been approved. This means that when the Committee decides on an overall level of expenditure, subject to the agreement of the London Councils Leaders' Committee, it will recommend it to the London Boroughs and the Cities of London and Westminster and at least 22 of them must agree through their respective decision-making arrangements to ratify and give effect to that overall level of expenditure. Once 22 councils have given their approval, the overall level of expenditure and contributions to it are binding on all constituent councils.

Timing of Decisions

8. The Committee needs to make its recommendation in good time so that constituent councils are able to consider the budget proposal within their own decision-making arrangements and make a response within the timescales laid down for the Scheme. The Scheme approved by the boroughs provides that constituent councils shall be asked to agree to the Committee's recommended level of overall expenditure not later than the third Friday in January, in this case 19 January 2018. All constituent councils will have received copies of this report and will be informed of the Committee's recommendation as to overall expenditure for next year, once the decision has been taken.
9. The City of London Corporation has been the Designated Council for the Scheme since 1 February 2004. Bearing in mind the issues raised above, it is essential for the Committee make a recommendation today, to provide sufficient time for constituent councils to consider the matter before the 1 February deadline, and enable the City of London Corporation to approve the levy on constituent councils by the deadline of 15 February 2018.
10. In the event that constituent councils are unable to reach agreement by the two-thirds majority required on an overall level of expenditure before 1 February 2018 the Secretary of State for Communities and Local Government has powers to intervene and set the budget at the same level as the preceding year. Section 105 of the Local Government Finance Act 1992 inserted a new sub-section (4A) into section 48 of the Local Government Act 1985 which states that:

"4A. The Secretary of State may by order provide that if -

- *a scheme requires the total expenditure to be incurred under the scheme in any financial year _*
 - *in the making of grants; and*
 - *in the discharging by the designated council of its functions under the scheme, to be approved in accordance with the scheme by some or all of the constituent councils; and*

- *the total expenditure to be incurred in any financial year is not approved as required by the scheme before such date as may be specified in relation to that financial year in the order, the constituent councils shall be deemed, subject to any order which has been or may be made under subsection (5) below, all to have given their approval for that financial year to total expenditure of an amount equal to the amount that was approved or, as the case may be, deemed to have been approved for the preceding financial year".*

Contributions by constituent councils

11. Section 48(3) of the 1985 Act provides that the amount of contributions to the London Councils Grants Scheme shall be determined so that expenditure is borne by constituent councils in proportion to the population of their respective areas. Section 48(4) of the 1985 Act states that the population of any area shall be the number estimated by the Registrar-General and certified by him to the Secretary of State.
12. Under The Levying Bodies (General) Regulations 1992, arrangements made under section 48 of the 1985 Act (and also section 88) use total resident population as the means of apportionment and it is no longer necessary for the Registrar General to certify the estimates. The Regulations came into force on 11 December 1992. Regulation 6(8) is of particular importance, stating that:

"A levying body shall secure that the expenses to be met by levies issued by it under these Regulations by reference to the relevant precepting power conferred by section 48 or 88 of the Local Government Act 1985 are borne by the relevant authorities in a proportion calculated by reference to the total resident population of the area of each relevant authority on 30th June in the financial year beginning two years before the beginning of the financial year in respect of which the levy is issued, as estimated by the Registrar General."

13. The Designated Council is defined as a levying body further to Sections 74 and 117 of the Local Government Finance Act 1988, which means that the levy will have to be approved formally at a meeting of the Court of Common Council of the Designated Council before the payment requests are sent to constituent councils. The Court of Common Council will consider this matter before the deadline of 15 February 2018. The Levying Bodies (General) Regulations 1992 then require the approved levy to be sent out to constituent councils by 15 February in any year. The term levy refers both to the total contributions from constituent councils and to the apportionment of that total between them.

Summary Timetable

14. To summarise, the timetable for the approval of the budget for 2018/19 is expected to be as follows:

Date	Action
22 November 2017	Grants Committee considered proposed budget and borough contributions for 2018/19 detailed in this report and made recommendations to Constituent Councils, subject to approval of Leaders' Committee
5 December 2017	This Committee is asked to approve the level of budget and borough contributions for 2018/19, as recommended by the Grants Committee on 22 November
6-8 December 2017	Constituent Councils formally notified of the approved level of budget and borough contributions for 2018/19
11 December 2017 – 31 January 2018	Constituent Councils to individually ratify the overall level of expenditure for 2018/19 through their respective decision-making arrangements
1-15 February 2018	The City of London Corporation, as the Designated Councils for the Grants Scheme, approves the levy for 2018/19 on Constituent Councils
15 February 2018	Constituent Councils informed of level of approved expenditure and borough contributions for 2018/19

Budget Proposal for 2018/19

15. Appendix A to this report sets out detailed information relating to the proposed budget for 2018/19. The budget assumes:

- A core, pan-London scheme of services to meet agreed service priorities of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- An additional gross sum of £1.88 million relating to the current ESF joint funded programme;

- An indicative gross commissioning budget of £8.113 million, the same level as for the current year; and
- In addition to the indicative gross grant payments budget of £8.113 million, the proposal includes a provision for grants administration of £555,000. This comprises of 6.5% (4.2% excluding central recharges) of the boroughs grants budget of £6.668 million, amounting to £435,000, plus 5.99% of the £2 million gross ESF programme, amounting to £120,000.

Administration of Commissions

16. The staffing costs figures within the proposed 2018/19 budget options reflects direct staffing costs delivery the S.48 Priority 1 and 2 programme plus the S.48 ESF programme, together with the apportionment of time spent on Grants Committee activities by other London Councils staff, such as Grants Committee servicing and Public Affairs. The staffing budget also includes a £10,000 provision for maternity cover and the vacancy level of 2%.
17. In addition, an apportionment of time spent by Corporate Resources, Corporate Governance other than Committee Servicing, the Chief Executive's office, and London Councils Political Advisors are included in the central recharges figure for supporting the Committee's functions, as well as a notional rental figure for office space occupied at Southwark Street.
18. All estimates of administration expenditure levels have previously been based upon a threshold of 5% of the budget for payments to commissions in respect of the borough funded S.48 scheme, as agreed by Grants Committee in the review of non-grants expenditure levels conducted in early 2009. However, with recent cost pressures, it is becoming increasingly difficult to contain all administrative costs within the 5% envelope, especially after the introduction of the new monitoring arrangements in April 2013 and the increase in central costs following the review of the recharge model during 2013/14 following an objection to London Councils accounts. Administrative expenditure for the S.48 commissions, therefore now equate to 6.5% (or 4.2% excluding central recharges) of the boroughs S.48 budget of £6.668 million, amounting to £435,000 in total for 2018/19. The level of administration costs will continued to be monitored and reviewed by the Grants Committee.

19. For the ESF programme, the claimable amount is limited to 5.99% of the total budget as stated in the funding guidelines, equating to £120,000. Total administration costs for 2018/19 are, therefore, estimated to be £555,000, the same amount as for 2017/18.

ESF Grant Income

20. The proposed budget includes gross expenditure of £2m million on activities commissioned under London Councils approved priorities, including administration costs of £120,000, which attracts grant income at 50%, thus reducing the net cost of this activity to £1 million. For 2018/19, the 50% matched funding will not be provided through further borough contributions; instead it will be transferred from accumulated S.48 ESF reserves built up from borough contributions collected during 2015/16 and 2016/17 but which were not applied in these years due to slippage in the programme. Both the gross expenditure, the ESF income it attracts and the proposed transfer from reserves are reflected in Appendix A.

Use of Reserves

21. Table 1 below updates the Committee on the revised estimated level of balances as at 31 March 2018, if all current known liabilities and commitments are considered, plus the projected underspend of £541,000 for 2017/18 reported at the half-year stage:

Table 1 – Estimated Uncommitted Reserves as at 31 March 2018

	Borough £000	ESF £000	Total £000
Audited reserves as at 1 April 2017	443	1,575	2,018
Write back of 2016/17 overstated liabilities	119	-	119
One-off payments to boroughs in 2017/18	(156)	-	(156)
Funding for City Bridge Trust/ Third Sector liaison in 2017/18	(75)	-	(75)
Projected surplus/(deficit) for the year	(1)	542	541
Projected reserves as at 31 March 2018	330	2,117	2,447

22. Following discussions at the Grants Executive meeting in September 2013, it was agreed that it would be appropriate to retain a minimum level of reserves equating to 3.75% of the S.48 borough programme. Based on a proposed borough programme of £6.668 million, this equates to £250,000 for 2017/18. If the recommendations contained in this report are agreed by this Committee and approved by the Leaders' Committee on 6 December, the revised projected position on reserves is detailed in Table 2 below:

Table 2 – Estimated Uncommitted Reserves as at 31 March 2018

	Borough	ESF	Total
	£000	£000	£000
Projected reserves as at 31 March 2018	330	2,117	2,447
ESF commitments 2018/19 – 2019/20	-	(2,117)	(2,117)
Projected reserves as at 1 April 2018	330	-	330
Indicative total expenditure 2017/18	6.668	2,000	8.668
Forecast reserves as a % of indicative expenditure	4.94	-	-

23. The projected residual level of S.48 reserves of £330,000, or 4.94%, of the £6.668 S.48 programme, therefore, is in excess of the 3.75% benchmark.

24. Reserves of £2.117 million are attributable to the 2015-18 S.48 ESF programme, now managed by the GLA/LEP. The start of the programme slipped until November 2016, so this sum will be applied over the period up until the revised project end date of March 2019. This report recommends that an initial sum of £1 million out of this provision be applied in 2018/19, to replace the ceased borough contributions towards the S.48 ESF programme.

Borough Contributions

25. Paragraphs 11 to 13 of this report set out the legal position relating to contributions payable by constituent councils to the London Councils Grants Scheme. Contributions for 2018/19 have been calculated using the ONS mid-year population estimates for June 2016 and are set out in Appendix B.

Summary

26. This report considers the proposed budget for the Grants Scheme for 2018/19 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval, following recommendation made by the Grants Committee at its meeting on 22 November. Specifically, the report proposes to continue with an overall level of expenditure in 2017/18 of £8.668 million, which requires borough contributions of £6.668 million (refer to Appendix B), a £1 million reduction on the figure of £7.668 million contributed by boroughs in 2017/18.

27. The financial year 2018/19 represents to second year of the four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016.

Recommendations

28. The Leaders' Committee is asked to agree:

- an overall level of expenditure of £8.668 million for the Grants Scheme in 2018/19, inclusive of £2 million gross ESF programme;
- that taking into account the application of £1 million ESF grant and a matched £1 million contribution from accumulated reserves, borough contributions for 2017/18 should be £6.668 million;
- that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2018 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £8.668 million);
- that constituent councils be advised that the apportionment of contributions for 2018/19 will be based on the ONS mid-year population estimates for June; and
- that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £555,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £120,000.

Appendices

Appendix A – Proposed revenue income and expenditure budget 2018/19;

Appendix B – Proposed borough subscriptions 2018/19;

Background Papers

Grants Committee Budget Working Papers 2017/18 and 2018/19;

Grants Committee Final Accounts Working Papers 2016/17;

Grants Committee Revenue Budget Forecast Working Papers 2017/18; and

London Councils Consolidated Budget Working Papers 2017/18 and 2018/19.

Grants Committee Income and Expenditure Budget 2018/19

Expenditure	Revised Budget 2017/18 £000	Developments £000	Inflation £000	Original Budget 2018/19 £000
Payments in respect of Grants				
London Councils Grants Programme	6,173	0	0	6,173
Membership Fees to London Funders (for all boroughs)	60	0	0	60
City Bridge trust Liaison	75	-75	0	0
European Social Fund Co-Financing	1,880	0	0	1,880
Sub-Total	8,188	-75	0	8,113
Operating (Non-Grants) Expenditure				
Contractual Commitments				
Maintenance of GIFTS Grants IT system	10	0	0	10
	10	0	0	10
Salary Commitments				
Officers	353	0	0	353
Members	19	0	0	19
Maternity provision	10	0	0	10
	382	0	0	382
Discretionary Expenditure				
Staff training/recruitment advertising	6	0	0	6
Staff travel	2	0	0	2
	8	0	0	8
One-off payment to boroughs	156	-156	0	0
Total Operating Expenditure	556	-156	0	400
Central Recharges	155	0	0	155
Total Expenditure	8,899	-231	0	8,668
Income				
Core borough subscriptions				
Contribution to grant payments	7,173	-1,000	0	6,173
Contribution to non-grants expenditure	495	0	0	495
	7,668	-1,000	0	6,668
Other Income				
ESF Grant Income	1,000	0	0	1,000
	1,000	0	0	1,000
Transfer from Reserves	231	769	0	1,000
Central Recharges	0	0	0	0
Total Income	8,899	-231	0	8,668
Net Expenditure	0	0	0	0

Borough Subscriptions 2018/19

Appendix B

ONS Mid-2015 Estimate of Population ('000)	%	2017/18 Base Borough Contribution (£)		ONS Mid-2016 Estimate of Population ('000)	%	2018/19 Base Borough Contribution (£)	Base Difference from 2017/18 (£)
Inner London							
241.06	2.74%	213,113	Camden	246.18	2.80%	186,799	-26,314
8.76	0.10%	7,744	City of London	9.40	0.11%	7,133	-612
274.80	3.13%	242,941	Greenwich	279.77	3.18%	212,286	-30,655
269.01	3.06%	237,823	Hackney	273.53	3.11%	207,551	-30,271
179.41	2.04%	158,610	Hammersmith and Fulham	179.65	2.04%	136,316	-22,294
227.69	2.59%	201,293	Islington	232.87	2.65%	176,699	-24,594
157.71	1.79%	139,426	Kensington and Chelsea	156.73	1.78%	118,925	-20,501
324.43	3.69%	286,818	Lambeth	327.91	3.73%	248,814	-38,003
297.33	3.38%	262,859	Lewisham	301.87	3.44%	229,056	-33,804
308.90	3.52%	273,088	Southwark	313.22	3.56%	237,668	-35,420
295.24	3.36%	261,012	Tower Hamlets	304.85	3.47%	231,317	-29,695
314.54	3.58%	278,074	Wandsworth	316.10	3.60%	239,853	-38,221
242.30	2.76%	214,209	Westminster	247.61	2.82%	187,884	-26,326
3,141.18	35.74%	2,777,011		3,189.69	36.30%	2,420,301	-356,710
Outer London							
201.98	2.30%	178,564	Barking and Dagenham	206.46	2.35%	156,660	-21,904
379.69	4.32%	335,671	Barnet	386.08	4.39%	292,953	-42,718
242.14	2.76%	214,068	Bexley	244.76	2.79%	185,721	-28,347
324.01	3.69%	286,446	Brent	328.25	3.74%	249,072	-37,374
324.86	3.70%	287,198	Bromley	326.88	3.72%	248,033	-39,165
379.03	4.31%	335,088	Croydon	382.30	4.35%	290,085	-45,003
343.06	3.90%	303,288	Ealing	343.20	3.91%	260,416	-42,871
328.43	3.74%	290,354	Enfield	331.40	3.77%	251,463	-38,891
272.86	3.10%	241,226	Haringey	278.45	3.17%	211,285	-29,942
247.13	2.81%	218,479	Harrow	248.75	2.83%	188,749	-29,731
249.09	2.83%	220,212	Havering	252.78	2.88%	191,807	-28,405
297.74	3.39%	263,222	Hillingdon	302.47	3.44%	229,511	-33,711
268.77	3.06%	237,610	Hounslow	271.14	3.09%	205,738	-31,873
173.53	1.97%	153,412	Kingston upon Thames	176.11	2.00%	133,630	-19,782
204.57	2.33%	180,853	Merton	205.03	2.33%	155,574	-25,279
332.82	3.79%	294,235	Newham	340.98	3.88%	258,732	-35,503
296.79	3.38%	262,382	Redbridge	299.25	3.41%	227,068	-35,314
194.73	2.22%	172,154	Richmond upon Thames	195.85	2.23%	148,609	-23,545
200.15	2.28%	176,946	Sutton	202.22	2.30%	153,442	-23,504
271.17	3.09%	239,732	Waltham Forest	275.84	3.14%	209,304	-30,428
5,532.55	62.96%	4,891,141		5,598.20	63.70%	4,247,851	-643,290
8,673.73	98.70%	7,668,152	Totals	8,787.89	100.00%	6,668,152	-1,000,000

7,668,152

6,668,152

Leaders' Committee

Proposed Revenue Budget and Borough Subscriptions and Charges 2018/19

Item no: 10

Report by: Frank Smith **Job title:** Director of Corporate Resources
Date: 5 December 2017
Contact Officer: Frank Smith
Telephone: 020 7934 9700 **Email:** frank.smith@londoncouncils.gov.uk

Summary

This report proposes the level of boroughs subscriptions and charges to be levied in 2018/19, together with the consolidated revenue income and expenditure budget for 2018/19. The report also updates the Leaders' Committee on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process. These proposals were considered by the London Councils Executive at its meeting on 14 November and this package was agreed for submission to this Committee for final consideration and approval.

These proposals involve:

- Containing all budgetary pressures in 2018/19, including the rent review at Southwark Street, the officer pay award, GDPR preparatory work and other contract and general running cost increases, from within the 2017/18 approved budgetary resources, which will allow the three core subscriptions to remain at the current year's level;
- A £1 million reduction in the borough contribution towards the S.48 ESF programme as the three-year borough funding commitment expires at the end of 2017/18. However, as the programme has slipped by roughly 16 months, accumulated funds held in Grants Committee reserves will be applied to fund the programme, along with ESF grant, up until the current stated project end-date of March 2019; and
- The continuation of the Challenge Implementation Fund of £525,000, funded from any underspent funds carried forward from the current year, replenished by uncommitted joint committee reserves.

Recommendations The Leaders' Committee is asked to approve the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2018/19, no change on the charge of £161,958 for 2017/18 (paragraph 12);
- The proposed Joint Committee subscription for the MOPAC and the LFEPA of £15,410 for 2018/19, no change on the charge of £15,410 for 2017/18 (paragraph 13);
- An overall level of expenditure of £8.668 million for the Grants Scheme in 2018/19 (inclusive of £2 million gross ESF programme), the same level as for 2017/18; and
- That taking into account the application of £1 million ESF grant and £1 million from earmarked Grants Committee reserves, net borough contributions for 2018/19 should be £6.668 million, compared to £7.668 million for 2017/18 (paragraphs 14-17).

The Leaders' Committee is also asked to endorse the following subscription and charges for 2018/19 for TEC, which were considered by the TEC Executive Sub-Committee on 16 November, and which will be presented to the main meeting of TEC on 7 December for final approval:

- The Parking Core Administration charge of £1,500 per borough and for TfL (2017/18 - £1,500) (paragraph 18);
- The Parking Enforcement Service charge of £0.4226 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2016/17 (2017/18 - £0.4915 per PCN; paragraphs 25-26);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2017/18 – no charge) (paragraph 20);
- The net Taxicard Administration charge to boroughs of £338,182 in total (2017/18 - £338,182); (paragraph 21);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2017/18 – no charge) (paragraph 22);
- Road User Charging Appeals (RUCA) – to be recovered on a full cost recovery basis, as for 2017/18, under the new contract arrangement with the GLA (paragraph 29);

- Environmental and Traffic Appeals (ETA) charge of £30.63 per appeal or £27.02 per appeal where electronic evidence is provided by the enforcing authority (2017/18 - £32.00/£28.50 per appeal). For hearing Statutory Declarations, a charge of £25.21 for hard copy submissions and £24.49 for electronic submissions (2017/18 - £26.74/£26.06 per SD) (paragraphs 27-28);
- The TRACE (Electronic) Charge of £7.53 per transaction (2017/18 - £7.31) (paragraphs 30-34);
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which from 1 April 2018 would be levied, in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (paragraphs 30-34);
- The PEC Charge of £0.175 per transaction (2017/18 - £0.17) (paragraphs 30-34); and
- A unit charge of £12 for the replacement of a lost or damaged Freedom Pass (2017/18 - £10; paragraph 45).

On the basis of the above proposed level of subscriptions and charges, the Leaders' Committee is asked to approve:

- The provisional consolidated revenue expenditure budget for 2018/19 for London Councils of £386.609 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2018/19 for London Councils of £384.313 million, also as per Table 4 at paragraph 35 and Appendix B; and
- Within the total income requirement, the use of London Council reserves of £2.296 million in 2018/19, as detailed in Table 12 at paragraph 55.

The Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Council reserves as at 31 March 2018, as detailed at paragraphs 53-59; and
 - The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 60-61.
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Proposed Revenue Budget and Borough Subscriptions and Charges 2018/19

Introduction

1. The forthcoming financial year, 2018/19, was scheduled to be the first year of a new three-year financial strategy period, covering the period 2018/19 to 2020/21. It also represents the second year of the current four-year Grants Programme from April 2017 to March 2021, as agreed by the Leaders' Committee in March 2016 following recommendations from the Grants Committee.
2. The work agreed by the London Councils Executive on 13 September 2016 to progress the London Councils Challenge process has extended into the current financial year, with key work planned to continue over the remainder of the year and into 2018/19.
3. At its meeting on 14 November, therefore, the Executive endorsed the proposition to align a new three year planning period with priorities that emerge following the May 2018 London borough elections. That plan would then be able to cover the remaining three years running in to the 2022 London borough elections. This would, therefore, make the 2018/19 budget a single year, stand-alone budget.

Budgetary pressures

4. There are a number of significant budgetary pressures that will impact on the London Councils revenue budget for 2018/19. These are:
 - The rent review for the Southwark Street premises, in accordance with the Heads of Terms signed off by the Executive in April 2011 and is effective from March 2016, is likely to lead to additional annual payments of between £350,000 and £375,000. This is still subject to on-going negotiations with the City of London;
 - The likely officer pay award from April 2018 will add roughly £65,000 per one percentage point increase to the overall salaries bill for London Councils;
 - Auto-enrolment to the pension scheme may increase the total employers pension contributions paid; more specifically for TEC, parking adjudicators are now entitled to be provided with access to a pension scheme and this will have implications for the unit cost of parking appeal charges to boroughs and other users. Take up cannot currently be quantified, but the employers contribution to the scheme for adjudicators who wish to enrol will be 2% from April 2018;

- Additional resources to meet the requirements of the new General Data Protection Regulations (GDPR), which becomes effective in May 2018. There is a mandatory requirement for public authorities to appoint a Data Protection Officer to fully meet the requirements of the new legislation. The cost is estimated to be between £50,000 to £55,000 per annum;
 - CPI in the year to September 2017 is now running at 3%, there will be increased pressure on overall contract prices and in respect of cost of the four SLAs for support services provided by the City of London, which has not been experienced in recent years; and
 - Costs relating to the YPES and health related functions of the Joint Committee (JC), that were previously partly funded through a transfer from JC reserves, will need to be accommodated within the JC salary cost budget to reduce the permanent call on JC reserves.
5. Some savings/efficiencies have been identified from within existing approved resources to mitigate the overall effect of the above cost pressures. These include:
- The elimination of the provision for an annual payment of past service pension costs to the LPFA, estimated to save around £200,000;
 - An over provision for Southwark Street business rates projected for the current year, estimated to be around £100,000;
 - Savings in staffing costs as a result of agreed changes of around £115,000; and
 - Full year savings from the cessation of the Access Europe contract of £66,000.
6. This report, therefore, proposes the level of borough subscriptions and charges to be levied in 2018/19, together with the indicative consolidated revenue income and expenditure budget for 2018/19. The proposals include:
- A Joint Committee core subscription of £161,958 per borough, the same level as for 2017/18;
 - A TEC parking core administration charge of £1,500 per borough, the same level as for 2017/18;
 - Total S.48 grants administration costs (excluding ESF) of £435,000, equating to an average cost of £13,182 per borough, the same level as for 2017/18;
 - A reduction in the borough contribution of £1 million toward the pan-London S.48 ESF grants budget;

- The continuation of the Challenge Implementation Fund of £525,000, funded from 2017/18 unspent funds carried forward, replenished by uncommitted joint committee reserves; and
 - A reduction in the level of the proposed transfer from reserves of £535,000 (to a maximum of £1.007 million in total) to fund specific areas of expenditure.
7. The timetable for the approval of the budget for 2018/19 following this meeting is as follows:
- 14 November – The Executive considered and approved the approach to the 2018/19 budget setting process, as proposed in this report, and recommended that the Leaders’ Committee approve these proposals at this meeting;
 - 16 November - TEC Executive Sub-Committee considered the indicative budget and borough charges for 2018/19 and made recommendations to the main TEC Committee meeting on 7 December for approval;
 - 22 November – Grants Committee considered and agreed the indicative grants budget and borough contributions for 2018/19, and recommended that the Leaders’ Committee approve these proposals at this meeting;
 - 5 December - Leaders’ Committee considers this report on the indicative consolidated budget and borough charges for 2018/19, and a separate report seeking approval of the grants budget and borough contributions for 2018/19. This report includes the indicative budget and borough charges for TEC which the Leaders’ Committee is asked to endorse; and
 - 7 December – main TEC Committee – considers recommendations of TEC Executive Sub-Committee and any views arising from the Leaders’ Committee and approves final budget and charges for 2018/19. The views of the Leaders’ Committee will be reported orally to the main TEC meeting.

Current position on core subscriptions and other charges

8. Members are reminded that since 2010/11 (covering the seven-year period between 2011/12 and 2017/18):
- The Joint Committee core subscription has been reduced by £96,005 or 37%, with the total accumulated benefit to boroughs over this period being £19.8 million;
 - The TEC core parking subscription has been reduced by £500 or 25%, with the total accumulated benefit to boroughs over this period being £116,000;

- Payments for commissioned services funded by the Grants Committee have reduced from an annual average of £754,545 per borough to £218,424, an annual average reduction of £536,121 per borough or 71%, with the total average accumulated benefit to boroughs over this period being £109 million;
- Payments for the administration of commissioned services have reduced from an average of £43,333 per borough to an average of £13,939, an average reduction of £29,394 per borough or 67.8%, with the total average accumulated benefit to boroughs over this period being £6 million; and
- The three main TEC administrations charges for direct services – Freedom Pass, Taxicard and Lorry Control, have reduced by between 4% and 100%, with the total accumulated benefit to boroughs over this period being £5 million.

9. In addition, a further sum of £8.7 million has been repaid to member boroughs from uncommitted reserves over the period 2011/12 to 2017/18. The total accumulated benefit to boroughs, therefore, arising from the reduction in the main borough subscriptions and from charges for direct service charges since 2010/11, plus one-off repayments to date, equates to £42 million, with an additional overall reduction of £109 million that relates to payments to commissions funded by the Grants Committee, an average of £4.577 million per borough. In addition, staffing numbers have reduced by 39% over this period.

10. The proposals contained in this report for 2018/19, if agreed, will increase the total accumulated benefit to boroughs since 2010/11 to £47.6 million, which a further £128 million relating to payments to commissions made by the Grants Committee, equating to £5.32 million per borough.

Proposed borough subscriptions and charges

11. The following paragraphs detail the proposed borough subscriptions and charges for 2018/19.

Joint Committee Core Subscription

12. As detailed in the first bullet point of paragraph six above, the proposed amount to be levied on member boroughs in respect of the JC core and associated functions in

2018/19 is £161,958, the same level as for 2017/18. This includes a sum of £5,455 per borough as a contribution towards the funding of the YPES.

13. In line with the overall standstill position, it is proposed that the Joint Committee subscription for the MOPAC and the LFEPA for 2018/19 is £15,410, the same level as for the current year. LFEPA have given formal notice of withdrawal in respect of its membership of London Councils, to be effective from the date of the new governance arrangements for the fire service; however, it is unclear at this stage what the actual effective date will be.

Commissioned services funded by the Grants Committee 2018/19

14. The overall budget for commissioned services for the current year, as agreed by the Leaders' Committee in December 2016, is £8.899 million, inclusive of gross ESF expenditure of £2 million and a repatriation of resources to boroughs from reserves of £156,000, plus a transfer of £75,000 from reserves to fund support to the third sector. At its meeting on 22 November 2017, the Grants Committee agreed to a S.48 borough funded grants programme of £6.668 million for 2018/19, which is the second year of the four-year programme of commissioned services agreed by the Leaders' Committee in March 2016, following recommendations by the Grants Committee.
15. In addition, it is proposed that the S.48 ESF programme of £2 million should continue until the current scheduled end date of March 2019. However, from 2018/19, the boroughs will no longer make an annual contribution of £1 million towards this element of the programme, as the total agreed borough contribution of £3 million has been collected over the preceding three financial years (2015/16 – 2017/18). Due to slippage in the programme, a significant sum relating to these borough contributions is held in Grants Committee reserves. The proposed £2 million programme in 2018/19 will, therefore, be funded from a transfer from reserves of £1 million, matched by ESF funding of £1 million.
16. Following consideration by the Grants Committee at its meeting on 22 November, the Leaders' Committee is, therefore, asked to approve the budget for the Grants Committee for 2018/19 and the effect of a proposed £6.668 million borough funded grants programme plus an ESF grants programme of £2 million is shown in the Table 1 below:

Table 1 – Indicative Grants Budget 2018/19

	2018/19 Indicative £000	2017/18 Actual £000	Variance £000
LC S.48 grants programme	6,233	6,233	-
ESF grants programme	1,880	1,880	-
City Bridge Trust liaison	-	75	(75)
Sub-Total	8,113	8,188	(75)
Grants Administration – LC S.48	435	435	-
Grants Administration – LC S.48	120	120	-
Proposed repayment to boroughs	-	156	(156)
Total expenditure	8,668	8,899	(231)
Financed by:			
Borough contributions to grant payment	(6,173)	(7,173)	1,000
Borough contributions to grants administration	(495)	(495)	-
Total borough contributions	(6,668)	(7,668)	1,000
ESF grant	(1,000)	(1,000)	-
Total Income	(7,668)	(8,668)	1,000
Transfer from Reserves	(1,000)	(231)	(769)
Net expenditure	-	-	-

17. The key features of the proposed budget in Table 1 are :

- A core, pan-London scheme of commissioned services to meet service priorities agreed by the Grants Committee of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- An additional gross sum of £1.88 million relating to a continuation of the current S.48/ESF commissioned services;
- An indicative gross commissions payments budget, therefore, of £8.113 million;
- A provision for grants administration of £555,000. This comprises of a sum of £435,000, or 6.5% (or 4.2% excluding central recharges of £155,000) for the S.48 borough programme of £6.668 million, reflecting the actual cost of the current contract letting, management and monitoring arrangements for commissions, plus 5.99% of the £2 million gross S.48/ESF commissions, amounting to £120,000 (which reflects the more complex monitoring arrangements of the ESF commissions); and
- Borough contribution of £6.668 million, ESF grant income of £1 million plus a £1 million transfer from uncommitted reserves to fund the total expenditure

requirement of £8.668 million; the borough contribution of £6.668 million will be apportioned in accordance with the ONS 2016 mid-year population data.

TEC Core Parking Subscription

18. This subscription is currently £1,500 per borough and there is little scope to reduce this minimal charge to boroughs, so, as agreed by the Leaders' Committee in November 2010, efforts continue to be concentrated on further efficiencies in the overhead cost for TEC direct services, which are explored below.

TEC Direct Services

19. TEC currently provides three direct services on behalf of boroughs, one of which is also provided to TfL, which are recouped by an annual administration fee – the Freedom Pass, Taxicard and the London Lorry Control Scheme (LLCS). In overall terms, a sum of £338,182 needs to be recouped from boroughs in 2018/19, the same as for the current year. The proposed level of charge for each direct service, compared to those for the current year are detailed in Table 2 below:

Table 2 – Proposed TEC Direct Services Administration Charge 2018/19

Charge	Basis	2018/19 (£)	2017/18 (£)	Variance (£)	%
Freedom Pass	Per borough	Nil	Nil	-	-
Taxicard	Total	338,182	338,182	-	-
Lorry Control	Average	Nil	Nil	-	-

20. The **administration of the Freedom Pass** covers London Councils costs in negotiating the annual settlements and managing the relationships with transport operators and other contractors. After considering the overall income requirement for TEC, the proposed charge for 2018/19 remains at zero per borough, as the cost of administering the scheme continues to be met from income collected in respect of lost and damaged freedom passes. This position will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme. Since 2010/11, this charge to boroughs has reduced by £14,231 per borough, or 100%.

21. The **administration of the Taxicard Scheme** covers London Councils costs in processing and issuing passes to members and managing the relationships with various contractors. After considering the overall income requirement for TEC, the proposed net cost to be charged to boroughs in 2018/19 is £338,182, no change on the total charge for

2017/18. The Taxicard membership data as at 30 September 2017 has increased by 2,633 from 64,611 to 67,244 and this increase in the spreading base has reduced the underlying unit cost of a permit to from £5.24 to £5.03 per member. Since 2010/11, the overall amount recharged to boroughs has reduced by £127,000, or 27.3%.

22. The **Lorry Control administration charge** is calculated in the same manner as the Freedom Pass and Taxicard administration charge; although it is apportioned to boroughs in accordance with the ONS mid-year population figures. In the case of 2018/19, the population data for 2016 is used. The total cost of administering the scheme is estimated to be £706,738 in 2018/19, compared to £672,708 in 2017/18. This figure includes a sum of £50,000 that has been retained in anticipation of further development of the scheme in 2018/19. After consideration of projected income of £800,000 from the enforcement of the scheme in 2018/19, it is proposed that there will be no borough or TfL contribution to the scheme in 2018/19, as for the current year. Again, this position will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme. Since 2010/11, this charge to boroughs has reduced by an average sum of £14,524 per borough and for TfL, or 100%.

TEC Traded Services

23. A further range of services provided by TEC relate to various parking and traffic activities, primarily the London Tribunals (LT). A unit charge for each of these 'traded' services is made to the users, which covers the marginal costs of these services. The volumes of these transactions are solely generated by each borough; London Councils has no influence on the levels generated. In addition, an amount apportioned by the number of PCNs issued by each borough and TfL, covers the fixed costs of the parking related services - principally the LT- covering the actual cost of the appeals hearing centre and the fixed cost of the parking managed services contract.

24. The proposed level of charge for each traded service, compared to those for the current year is detailed in Table 3 below:

Table 3 – Proposed TEC Traded Services Unit Charges 2018/19

Charge	2018/19 (£)	2017/18 (£)	Variance (£)	%
Parking Enforcement Service Charge (total charge)	0.4226	0.4915	(0.0689)	(14.0)
Environment and Traffic Adjudicators (ETA) Appeals (Hard Copy)	30.63	32.00	(1.37)	(4.29)
ETA Appeals (Electronic)	27.02	28.50	(1.48)	(5.19)
ETA Statutory Declarations (Hard Copy)	25.21	26.74	(1.53)	(5.71)
ETA Statutory Declarations (Electronic)	24.49	26.06	(1.57)	(6.01)
TRACE Electronic	7.53	7.31	0.22	3.0
TRACE Fax	7.70	7.48	0.22	3.0
TEC	0.175	0.17	0.005	3.0

25. The **Parking Enforcement Service Charge** is allocated to users in accordance with the number of PCNs issued. For 2018/19, expenditure of £2.663 million needs to be recouped, compared to £2.769 million for 2017/18. The reduction is primarily due to a reduction in the overall level of premises and general office expenditure, plus some marginal staffing reductions.

26. After top-slicing this amount for the estimated fixed costs of £497,000 attributable to the contract with the GLA/TfL in respect of road user charging appeals (RUCA), a total of £2.166 million remains to be apportioned through the 5.126 million PCN's issued by boroughs and TfL in 2016/17 in respect of parking, bus lane and moving traffic offences, compared to 4.713 million issued in 2015/16. The increase in the number of PCNs issued over the two comparative years increases the cost spreading base, which together with the projected reduction in costs leads to a reduction in the actual unit charge to boroughs and TfL of £0.0689 per PCN, or 14%, from £0.4915 to £0.4266 per PCN for 2018/19. In addition, under the terms of the contract with Northgate, there is a separate fixed cost identified in respect of the use of the TRACE and TEC systems. For 2017/18, this sum was £89,000 and is estimated to increase to £92,000 in 2018/19. This sum will be apportioned to boroughs in accordance with volumes of transaction generated on each system.

27. The estimated volume of Environment and Traffic Adjudicators (ETA) appeals for 2018/19, based on indicative volumes to date in 2017/18, is 41,278, compared to the budgeted figure of 40,586 for the current year. The actual number of appeals heard in 2016/17 was 41,855 including Statutory Declarations, Moving Traffic Offences and Lorry Ban Appeals.

28. The average throughput of appeals for to date for the current year was 3.14 appeals heard per hour, compared to 2.7 appeals per hour when the current year's budget was set in December 2016. This average figure takes account of all adjudicator time spent on postal and personal appeal hearing and also non-appeal 'duty adjudicator' activities. The increase in throughput is attributable to system and service improvements introduced during 2016/17 that is now feeding through into the processing figures. Based on this forecast figure, it is proposed that the indicative hard copy unit ETA appeal cost for 2018/19 is £30.63, a reduction of £1.37 or 4.29% on the charge of £32.00 for 2017/18. For appeals where electronic evidence is provided by an enforcing authority, it is proposed that the unit cost will reduce by £1.48 to £27.02. The lower charge to boroughs recognises the reduced charge from the contractor for processing electronic appeals, demonstrating that there remains a clear financial incentive for boroughs to move towards submitting electronic evidence under the current contract arrangements. As for 2017/18, boroughs will pay a differential charge for the processing of ETA statutory declarations. For hard copy statutory declarations, the proposed unit charge will be £25.21 compared to the charge of £26.74 for the current year, which represents a reduction of £1.53, or 5.71%. For electronic statutory declarations, the proposed unit charge will be £24.49, a reduction of £1.57, or 6.01% on the electronic appeal unit charge for the current year.
29. For RUCA Appeals, the estimated volume of appeals for 2018/19, based on current trends, is 7,800, compared to the budgeted figure of 6,348 for the current year. The actual number of RUCA Appeals dealt with in 2016/17, including Statutory Declarations, was 6,602. This estimate is based on forecasting done with the GLA and reflects an increase to take into account more effective enforcement and a likely increase in appeal numbers following the implementation of the emissions surcharge in October 2017. Under the terms of the contract, TfL/GLA will reimburse London Councils on a cost-recovery basis for the variable cost of RUCA appeals, ensuring that a break even position continues in respect of these variable transactions. The rechargeable level of fixed costs is £497,000 for 2018/19; a £43,000 increase on the budgeted level of £454,000 for 2017/18.
30. In respect of **all other parking traded services**, the variable charges form part of the parking managed service contract provided by the contractor, Northgate, the volumes of which are again not controlled by London Councils; the individual boroughs are

responsible for using such facilities. The volumes are based on those currently being processed by the contractor and are recharged to the boroughs, TfL and the GLA as part of the unit cost charge. Current trends during the first half of 2017/18 suggest that transaction volumes appear to be reducing of the use of the TRACE Fax system, but are increasing for the use of the TRACE electronic and TEC systems.

31. The estimated increase in expenditure between 2017/18 and 2018/19, due to the projected transaction volumes and contract price changes, is £6,063. However, the corresponding estimated effect on income, between 2017/18 and 2018/19, based on the current projected transaction volumes for 2018/19 and a proposed 3% increase in charges to users, is an increase of £14,943, leading to a net overall increase in budgeted income of £8,881.
32. The charging structure historically approved by TEC for the provision of the variable parking services (excluding appeals) includes a contribution to overheads in each of the charges made to boroughs and other users for these services. The charges to boroughs have not been reviewed since 2010/11 and with increases of up to 3% expected at the next contract anniversary date in July 2018, the TEC Executive Sub-Committee has, therefore, recommended that the main TEC Committee approve the unit charges for the parking service it provides, as detailed in Table 3 above, at its meeting on 7 December.
33. In addition to the proposed 3% increase in charges in relation to parking services, London Councils proposes from 1 April 2018 to begin phasing out TRACE fax and email as a default means for enforcement authorities to notify the service of vehicles that have been moved. The reasons for this are two-fold. First, it is part of London Councils channel shift programme. Second, the fax and email option was intended at the start of the contract with NPS in July 2015 to be used as a disaster recovery option only. However, use of this method has increased over the past few years, increasing the amount of manual effort required to process information sent by enforcement authorities.
34. In order to encourage enforcement authorities to use the electronic notification systems by default and thereby reduce processing time, London Councils proposes from 1 April 2018 to charge all TRACE fax and email notifications at the electronic rate (£7.53) plus the fax/email rate (£7.70) making a total of £15.23 per transaction. The fax and email option will remain open for enforcement authorities to use, and will be in place for its

intended purpose of disaster recovery, but will attract an additional charge when it is not being used for this reason.

Proposed revenue budget for 2018/19

35. Based on the proposed level of subscription and charges, as detailed in paragraphs 12-34 above, the proposed revenue budget position for 2018/19, is summarised in Table 4 below. A detailed breakdown of proposed expenditure and income is shown at Appendices A and B to this report.

Table 4 – Proposed revenue budget 2018/19

	Joint Committee	Grants Committee	TEC	Total
	£000	£000	£000	£000
Indicative Expenditure	8,979	8,509	368,664	386,152
Central Recharges	187	159	111	457
Total Expenditure	9,166	8,668	368,775	386,609
Indicative Income	(6,190)	(7,668)	(368,486)	(382,344)
Use of Reserves	(1,007)	(1,000)	(289)	(2,296)
Sub-total	(7,197)	(8,668)	(368,775)	(384,640)
Central Recharges	(1,969)	-	-	(1,969)
Total Income	(9,166)	(8,668)	(368,775)	(386,609)
Indicative Net Position	-	-	-	-

36. The detailed breakdown of the proposed budgets for the Joint Committee, Grants Committee and TEC funding streams for 2018/19 is outlined in paragraphs 37-51 below.

Grants Committee

37. The provisional position for the Grants Committee for 2018/19 is as follows:

Table 5 – Indicative Grants Committee budget movements for 2018/19

	£000
Expenditure:	
Revised budget 2017/18	8,899
Proposed budget 2018/19	8,668
Budget Movement	(231)
Income	
Revised budget 2017/18	(8,899)
Proposed budget 2018/19	(8,668)
Budget Movement	231
Net Budget Movement	-
Developments - expenditure:	

Funding of City Bridge Trust support	(75)
Reduction in repayment to boroughs	(156)
Total	(231)
Developments - income:	
Reduction in borough subscription toward S.48 ESF programme	1,000
Increase in transfer from reserves	(769)
Total	231
Net Budget Movement	-

38. Paragraph 17 above outlines the proposed budget breakdown for 2018/19 in detail.

Transport and Environment Committee

39. Excluding the position for the payments to transport operators in respect of the Freedom Pass and Taxicard, which are dealt with in paragraphs 41-49 below, the provisional position for TEC for 2018/19 is detailed in Table 6 below:

Table 6 – Indicative TEC budget movements for 2018/19

Expenditure:	£000
Revised budget 2017/18	12,272
Proposed budget 2018/19	11,705
Budget Movement	567
Income	
Revised budget 2017/18	(12,272)
Proposed budget 2018/19	(11,705)
Budget Movement	(567)
Net Budget Movement	-
Developments – expenditure:	
Removal of budgets carried forward from 2016/17	(227)
Reduction in borough repayment	(340)
Decrease in Freedom Pass administration	(5)
Increase in Taxicard administration	10
Increase in Lorry Control administration	34
Reduction in London Tribunals administration	(105)
Increase in Health Emergency Badge administration	2
Increase in non-operational staffing costs	4
Volumes changes – adjudicators fees	(89)
Volume changes – Northgate variable costs	20
Increase in other running costs	53
Increase in central recharges	21
Sub-Total	(622)
Inflation:	

Salary costs	37
Northgate contract costs	18
Other	0
Budget Movement on expenditure	(567)
Developments – income:	
Volumes changes – appeals income	(10)
Volume changes – other parking services income	(16)
Increase in income for replacement Freedom Passes	(84)
Reduction in income for replacement Taxicards	3
Reduction in income for fixed parking costs	102
Other adjustments	5
Proposed reduction in transfer from general reserve	567
Budget Movement on income	567
Net Budget Movement	-

40. The proposals for the level of subscription and charges for TEC related services in 2018/19, which are detailed in paragraphs 18-34 above, provide the rationale for the majority of the budget movements detailed in Table 6.

Freedom Pass

41. The main settlement with TfL for concessionary travel on its service is estimated to be £323.316 million, representing a provisional reduction of £865,000, or 0.27%, on the figure of £324.181 million for 2017/18.

42. The budget in respect of the Rail Delivery Group (formerly ATOC) has been provisionally increased by £681,000 to £19.553 million to take into account the anticipated settlement for 2018/19, an increase of 3.61 % (July 2017 RPI +1.75%) on the figure of £18.872 million for the current year.

43. The budget for payments to other bus operators for local journeys originating in London has been reduced by £200,000 to £1.5 million, following projections for 2018/19, based on the 2016/17 outturn position plus taking into consideration a wider decline in bus ridership.

44. The budget for the freedom pass issuing costs was £1.518 million for 2017/18. For 2018/19, it is proposed that the budget remains at this level to allow the new contract rates approved by TEC in March 2017 to be accommodated and provide a resource to

undertake any additional development work to be carried out on the Freedom Pass website and the customer services relationship management system.

45. For income in respect of replacement Freedom Passes, subject to specific member approval from TEC, it is proposed to increase the unit cost of a replacement pass by £2 from £10 to £12 from 1 April 2018. However, it is estimated that there will be a 5% falloff in overall income arising from behavioural change due to the price increase, so the net increase in income will be £84,000, increasing the budget to £684,000. As stated in paragraph 20, the estimated cost of the Freedom Pass administration scheme will be fully funded by this income stream in 2018/19.
46. As agreed by TEC in December 2014, any annual surplus arising from both the Freedom Pass issuing costs budget of £1.518 million (paragraph 44 above) and replacement Freedom Passes income budget of £684,000 (paragraph 45 above) will be transferred to a specific reserves to accumulate funds to offset the cost of the next pass reissue exercise scheduled for 2020. The current balance on the specific reserve is £2.837 million (after considering a projected surplus of £303,000 in respect of the current year), as detailed in Table 10 at paragraph 53.
47. Final negotiations on the actual amounts payable to operators will be completed in time for the meeting of the main TEC Committee on 7 December and any late variations to these provisional figures will be tabled at this meeting.
48. A summary of the provisional Freedom Pass costs for 2018/19, compared to the current year, can be summarised in Table 7 below. The total cost of the scheme is fully funded by boroughs and the estimated cost payable by boroughs in 2018/19 is £345.887 million, compared to £346.271 million payable for 2017/18. This represents a reduction of £384,000 or 0.11%.

Table 7 – Comparative cost of Freedom Pass 2018/19 and 2017/18

Estimated Cost of Freedom Pass	2018/19(£000)	2017/18(£000)
TfL Settlement	323,316	324,181
ATOC Settlement	19,553	18,872
Non TfL Bus Operators Settlement	1,500	1,700
Freedom Pass Issue Costs	1,518	1,518
Total Cost	345,887	346,271

Taxicard

49. TfL will provide an estimated fixed contribution of £10.292 million, inclusive of an assumed annual Taxicard tariff inflation of £202,000 (2%), compared to £10.09 million for 2017/18. At this stage, the total borough contribution towards the Taxicard scheme in 2018/19 is estimated to be £2.409 million, the same as for the current year, although the decision on boroughs' contributions is a matter for boroughs to take individually and will be confirmed in February 2018. The indicative budgetary provision for the taxicard trips contract with CityFleet Networks Limited, will, therefore, be an amalgam of the TFL and borough funding, equating to £12.701 million for 2018/19, a provisional increase of £202,000 on the revised budget of £12.499 million for the current year.

Joint Committee

50. The provisional position for the Joint Committee for 2018/19 is as follows:

Table 8 – Indicative Joint Committee budget movements for 2018/19

	£000
Expenditure:	
Revised budget 2017/18	9,664
Proposed budget 2018/19	9,166
Budget Movement	(498)
Income	
Revised budget 2017/18	(9,664)
Proposed budget 2018/19	(9,166)
Budget Movement	498
Net Budget Movement	-
Developments - expenditure:	
Removal of budgets carried forward from 2016/17	(29)
Reduction in borough repayment	(330)
Net reduction in salary costs	(280)
Cessation of Access Europe contract	(66)
Net increase in Southwark Street premises related costs	250
Reduction in central recharges charged to JC functions	(150)
Sub-total	(605)
Inflation	
Salary costs	60
Other	47
Budget Movement on expenditure	(498)

Developments - income:	
Reduction in use of reserves	535
Adjustment to borough subscription income	(38)
Adjustment to central recharge income	1
Total	498
Net Budget Movement	-

51. The key elements included within the net budget movement are detailed below:

- **Reduction in salary cost** - this covers the following salary related costs of the Joint Committee:
 - Senior staffing savings of £115,000 arising from changes in the composition of CMB ;
 - The elimination of the provision for an annual payment of past service pension costs to the LPFA, estimated to save £142,000;
 - Other employee cost adjustments, primarily for YPES staff and health related work, saving £55,000; offset by
 - Additional resources of £33,000 required to fund a Data Protection Officer following the introduction of GDPR in May 2018; and
 - An assumed 1½ pay award for 2018/19, which will add on £60,000 to total salary costs.

- **Cessation of Access Europe contract** – the current contract with Access Europe to provide advice to boroughs in respect of European Funding issues expired on 31 July 2017.

- **Increase in Southwark Street premises costs** – this covers the following premises related expenditure:
 - A provisional assessment of the rent review of the Southwark Street site, in accordance with the Heads of Terms for the lease agreed by the executive in April 2011, indicates that a potential annual increase of between £350,000 and £375,000 could become payable; offset by
 - An over provision for Southwark Street business rates projected for the current year, estimated to be around £100,000; and

- A reduction in the depreciation provisions work previously capitalised works at Southwark Street of £21,000.
- **Reduction in central recharges made to JC functions** - following the mainstreaming of the YPES and health work within the JC functions, there will be a reduction in the level of central overheads recharges to these work areas.
- **Reduction in proposed use of reserves** – the proposed transfer from Joint Committee reserves for 2018/19 is £1.007 million, a £535,000 reduction on the figure of £1.542 million for the current year.

Externally Funded Projects

52. In addition to the proposed expenditure of £386.609 million for largely borough funded activity, expenditure on activities financed through external contributions is currently projected to be in excess of £4 million in 2018/19, with funding being received through various external sources to fully fund the projects, ensuring no cost to boroughs. Once confirmation of continued funding into 2018/19 is received from funders over the coming months, budget plans for expenditure will be revised accordingly to ensure that they match the available funding.

Updated position on Reserves

53. The current position on the overall level of London Councils reserves is detailed in Table 10 below, which includes the forecast outturn position for the current year at the half-year stage:

Table 10 – Current Uncommitted Reserves

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
General Reserve at 1 April 2017	3,341	5,417	443	9,748
Specific/ESF Reserve at 1 April 2017	1,734	-	1,575	3,308
Total reserves at 1 April 2017	5,075	5,417	2,018	12,510
Committed in setting 2017/18 budget	(488)	(1,183)	(75)	(1,746)
One-off payment to boroughs 2017/18	(340)	(330)	(156)	(826)

Balances c/f into 2017/18	(227)	(29)	-	(256)
Potential ESF grants commitments in 2018/19 and 2019/20	-	-	(1,117)	(1,117)
Freedom Pass reissue exercise 2018/19 - 2019/20	(2,837)	-	-	(2,837)
Write back of 2016/17 grants liabilities	-	-	119	119
Forecast surplus/(deficit) 2017/18	1,001	761	541	2,302
Uncommitted reserves	2,184	4,636	1,330	8,150

54. The current level of commitments from reserves, as detailed in Table 10, come to £6.782 million and are detailed in full in Table 11 below:

Table 11– Current Commitments from Reserves

	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000
Balances b/f from 2016/17	256	-	-	256
Approved transfer from JC general reserves	164	-	-	164
Approved transfer from TEC general reserves	288	-	-	288
Accumulated YPES funds	293	-	-	293
Slippage of ESG grants funding	-	-	1,117	1,117
One-off repayment to boroughs	826	-	-	826
Challenge Implementation Fund	525	-	-	525
Support to the health transition process	201	-	-	201
2020 Freedom Pass reissue	-	534	2,303	2,837
TEC priority projects	200	-	-	200
Support to 3 rd sector via City Bridge Trust	75	-	-	75
Totals	2,828	534	3,420	6,782

55. After taking into account the budget proposals outlined in this report and the recommended use of reserves of £2.296 million, the level of uncommitted reserves reduces to £5.854 million, as detailed in Table 12 below:

Table 12 - Estimated Uncommitted Reserves as at 1 April 2018

	Transport and Environment Committee (£000)		Joint Committee (£000)	Grants Committee (£000)		Total (£000)
	General	Specific	General	S.48	ESF	
Projected uncommitted reserves (Table 10)	2,184	-	4,636	330	1,000	8,150
Proposal included in 2018/19 budget figures	(289)	-	(1,007)	-	(1,000)	(2,296)
Transfer to Specific Reserves	(140)	140	-	-	-	-
Estimated residual uncommitted reserves	1,755	140	3,629	330	-	5,854

56. For the Grants Committee, the Grants Executive in September 2013 agreed that the level of reserves to cover the S.48 borough funded commissions should be set at 3.75% of the budget, which will equate to £250,000 in respect of a proposed budget of £6.668 million for 2018/19. The forecast level of uncommitted reserves of £330,000 is, therefore, in excess of this benchmark at 4.94% of the proposed budget. For ESF/borough funded commissions, accumulated reserves of £2.117 million relate to the delayed start of the 2015-18 ESF programme and will be used in full up until the current project end date of 31 March 2019. A sum of £1 million is recommended for transfer to the revenue account in 2018/19 to jointly fund this continuing expenditure, matched by ESF grant.

57. For TEC, forecast uncommitted reserves of £2.184 million as at 31 March 2018 reflects the forecast surplus of £1.001 million for the current year.

58. After taking into account the proposed use of general reserves of £289,000 in setting the 2018/19 budget and a transfer of £140,000 to the specific reserve (all, subject to agreement of main TEC meeting on 7 December), uncommitted general reserves are forecast reduce to £1.755 million, or 14.99% of proposed operating and trading expenditure of £11.705 million. This projected figure, therefore, accords with TEC's formal policy on reserves, agreed in November 2015, that reserves should equate to between 10-15% of annual operating and trading expenditure.

59. For the Joint Committee functions, uncommitted general reserves are projected to be £3.629 million if the proposals in this report are approved. In a period of continuing financial constraint for London local government, and as demonstrated in the recent past,

there is continued value in holding a reasonable level of reserves as a contingency to fund further one-off incidences of expenditure and to explore additional key priorities identified by members during the course of the year, such as the outcome of the London Councils Challenge Process, Business Rates reform as well as continuing work on devolution and public sector reform and on the health, skills and housing agendas.

60. Under existing CIPFA guidance, the Chief Financial Officer of an organisation is advised to make an annual statement on the adequacy of the level of an organisation's reserves. This is achieved by expressing the total level of estimated uncommitted reserves as a percentage of operating costs.

61. If the Leaders' Committee/TEC approves the use of uncommitted reserves of £2.296 million for 2018/19, as detailed in this report, residual uncommitted reserves would reduce to £5.854 million. This would represent 26.7% of total operating and trading expenditure in 2018/19 of £21.951 million. The comparable figures reported to the Executive 12 month ago was uncommitted reserves of £4.705 million, which equated to 19.9% of provisional operating and trading expenditure of £23.643 million for 2017/18. This improvement mirrors the desire expressed at recent meetings of the Executive for a strengthening of the reserves position, particularly in the current economic climate. The Director of Corporate Resources is, therefore, content to issue a positive statement on the adequacy of the residual London Councils reserves for 2018/19.

Conclusions

62. This report proposes the level of boroughs subscriptions and charges to be levied in 2018/19, together with the consolidated revenue income and expenditure budget for 2018/19. The report also updates Leaders' on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process. These proposals were considered by the London Councils Executive at its meeting on 14 November and this package was agreed for submission to this Committee for final consideration and approval.

Summary

63. This report proposes the level of boroughs subscriptions and charges to be levied in 2018/19, together with the consolidated revenue income and expenditure budget for 2018/19.

64. The subscription and budget proposals for 2018/19 relating to the Grants Committee, as contained in this report, were considered by the Grants Committee at its meeting on 22 November. The Grants Committee recommended that the Leaders' Committee approve the budget proposals as laid out in this report.

65. The subscription and budget proposals for 2017/18 relating to the Transport and Environment Committee were considered by the TEC Executive Sub-Committee at its meeting on 16 November and will be put before the main TEC meeting on 7 December for final approval. The Leaders' Committee is, therefore, asked to endorse the provisional TEC figures as laid out in this report.

Recommendations

66. The Leaders' Committee is asked to approve the following borough subscriptions and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2018/19, no change on the charge of £161,958 for 2017/18. (paragraph 12);
- The proposed Joint Committee subscription for the MOPAC and the LFEPA of £15,410 for 2018/19, no change on the charge of £15,410 for 2017/18 (paragraph 13);
- An overall level of expenditure of £8.668 million for the Grants Scheme in 2018/19 (inclusive of £2 million gross ESF programme), the same level as for 2016/17; and
- That taking into account the application of £1 million ESF grant and £1 million from earmarked Grants Committee reserves, net borough contributions for 2018/19 should be £6.668 million, compared to £7.668 million for 2017/18 (paragraphs 14-17).

67. The Leaders' Committee is also asked to endorse the following subscriptions and charges for 2018/19 for TEC, which were considered by the TEC Executive Sub-Committee on 16 November, and which will be presented to the main meeting of TEC on 7 December for final approval:

- The Parking Core Administration charge of £1,500 per borough and for TfL (2017/18 - £1,500) (paragraph 18);

- The Parking Enforcement Service charge of £0.4226 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2016/17 (2017/18 - £0.4915 per PCN; paragraphs 25-26);
- No charge to boroughs in respect of the Freedom Pass Administration charge, which is covered by replacement Freedom Pass income (2017/18 – no charge) (paragraph 20);
- The net Taxicard Administration charge to boroughs of £338,182 in total (2017/18 - £338,182); (paragraph 21);
- No charge to boroughs and TfL in respect of the Lorry Control Administration charge, which is fully covered by estimated PCN income (2017/18 – no charge) (paragraph 22);
- Road User Charging Appeals (RUCA) – to be recovered on a full cost recovery basis, as for 2017/18, under the new contract arrangement with the GLA (paragraph 29);
- Environmental and Traffic Appeals (ETA) charge of £30.63 per appeal or £27.02 per appeal where electronic evidence is provided by the enforcing authority (2017/18 - £32.00/£28.50 per appeal). For hearing Statutory Declarations, a charge of £25.21 for hard copy submissions and £24.49 for electronic submissions (2017/18 - £26.74/£26.06 per SD) (paragraphs 27-28);
- The TRACE (Electronic) Charge of £7.58 per transaction (2017/18 - £7.31) (paragraphs 30-34);
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which from 1 April 2018 would be levied, in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (paragraphs 30-34);
- The PEC Charge of £0.175 per transaction (2017/18 - £0.17) (paragraphs 30-34); and
- A unit charge of £12 for the replacement of a lost or damaged Freedom Pass (2017/18 - £10; paragraph 45).

68. On the basis of the above proposed level of subscriptions and charges, the Leaders' Committee is asked to approve:

- The provisional consolidated revenue expenditure budget for 2018/19 for London Councils of £386.609 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2018/19 for London Councils of £384.313 million, also as per Table 4 at paragraph 35 and Appendix B; and
- Within the total income requirement, the use of London Council reserves of £2.296 million in 2018/19, as detailed in Table 12 at paragraph 55.

69. The Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Council reserves as at 31 March 2018, as detailed at paragraphs 53-59; and
 - The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 60-61.
-

Financial Implications for London Councils

As detailed in the body of the report.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

- Appendix A – the provisional consolidated revenue expenditure budget for London Councils for 2018/19;
- Appendix B – the provisional consolidated revenue income budget for London Councils for 2018/19.

Background Papers

London Councils budget working papers 2010/11 to 2018/19

Appendix A

Proposed Consolidated Expenditure Budget
2017/18

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
TfL	0	0	323,316	323,316
ATOC	0	0	19,553	19,553
Other Bus Operators	0	0	1,500	1,500
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	479	479
Comcab	0	0	12,701	12,701
Taxicard Administration	0	0	537	537
Sub-Total	0	0	359,604	359,604
Payments for commissioned services	0	6,173	0	6,173
Payment to London Funders Group	0	60	0	60
City Bridge Trust support	0	0	0	0
ESF grant payments	0	1,880	0	1,880
TEC Trading Account Expenditure				
Payments to Adjudicators- ETA	0	0	826	826
Payments to Adjudicators - RUCA	0	0	286	286
Northgate variable contract costs - ETA	0	0	298	298
Northgate variable contract costs - RUCA	0	0	67	67
Northgate variable contract costs - Other	0	0	189	189
Payments to Northampton County Court	0	0	3,000	3,000
Lorry Control Administration	0	0	707	707
ETA/RUCA Administration	0	0	2,664	2,664
HEB Income	0	0	45	45
Sub-Total	0	0	8,082	8,082
Total Direct Services	0	8,113	367,686	375,799
Operating Expenditure				
Contractual Commitments				
Capital Ambition legacy project costs	265	0	0	265
YPES Regional/Provider Activities	50	0	0	50
Southwark Street Leasehold Costs	1,405	0	0	1,405
Leases for photocopiers	36	0	0	36
Northgate Fixed Costs	0	0	92	92
External audit fees	39	0	0	39
CoL Finance/Legal/HR/IT SLA	449	0	0	449
Depreciation	182	0	0	182
Grants GIFTS system support	0	10	0	10
Sub-Total	2,426	25	92	2,528
Salary Commitments				
Officers	4,080	349	639	5,069
Members	169	19	19	207
Maternity provision	50	10	30	90
Sub-Total	4,299	378	688	5,366
Discretionary Expenditure				
Staff training/recruitment advertising	108	6	0	114
Staff travel	16	2	0	18
Other premises costs	280	0	0	280
SS ICT support	57	0	0	57
Supplies and service	667	0	158	825
Research	600	0	40	640
Challenge Implementation Fund	525	0	0	525
Sub-Total	2,253	8	198	2,459
Total Operating Expenditure	8,979	411	978	10,353
Central Recharges	187	159	111	457
Total Expenditure	9,166	8,683	368,775	386,609

Appendix B

Proposed Consolidated Income Budget 2017/18

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	323,316	323,316
Borough contributions to ATOC	0	0	19,553	19,553
Borough contributions to other bus operators	0	0	1,500	1,500
Borough contributions to surveys/reissue costs	0	0	1,518	1,518
Borough contributions to freedom pass administration	0	0	0	0
Income from replacing lost/faulty freedom passes	0	0	684	684
Income from replacing lost/faulty taxicards	0	0	21	21
Borough contributions to Comcab	0	0	2,409	2,409
TfL contribution to Taxicard scheme	0	0	10,292	10,292
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	124	124
Sub-total	0	0	359,741	359,741
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	1,000	0	1,000
Sub-total	0	7,233	0	7,233
TEC trading account income				
Borough contributions to Lorry ban administration	0	0	0	0
Lorry ban PCNs	0	0	800	800
Borough ETA appeal charges	0	0	930	930
TfL ETA appeal charges	0	0	235	235
GLA RUCA appeal income	0	0	353	353
Borough fixed parking costs	0	0	2,045	2,045
TfL fixed parking costs	0	0	214	214
GLA fixed parking costs	0	0	497	497
Borough other parking services	0	0	500	500
Northampton County Court Recharges	0	0	3,000	3,000
Sub-total	0	0	8,573	8,573
Sub-Total	0	7,233	368,314	375,547
Core borough subscriptions				
Joint Committee	5,119	0	46	5,165
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
LFEP/MPA subscription	33	0	0	33
Sub-total	5,152	435	97	5,684
Other Borough charges				
Borough contributions towards LCP functions	496	0	0	496
Borough contributions towards YPES functions	180	0	0	180
Borough contributions to HR Metrics service	98	0	0	98
Sub-total	774	0	0	774
Other Income				
DFE grant towards YPES direct costs	0	0	0	0
LEP funding towards YPES direct costs	0	0	0	0
Investments	75	0	0	75
Room bookings and conferences	125	0	0	125
Deskspace charge to funded groups	426	0	0	426
Sales of publications	18	0	0	18
Employment services trading account income	38	0	0	38
TfL secretariat recharge	0	0	31	31
Sales of Health Emergency badges	0	0	44	44
Miscellaneous income	8	0	0	8
Sub-total	690	0	75	765
Transfer from Reserves	1,007	1,000	289	2,296
Central Recharges	1,543	0	0	1,543
Total Income Base Budget	9,166	8,668	368,775	386,609

Leaders' Committee

Appointment to the Greater London Provincial Council (GLPC) Employers Side Item no. 11

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

Date: 5 December 2017

Contact Officer: Derek Gadd

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

Summary: This paper recommends Leaders' Committee changes an appointment to the Greater London Provincial Council (GLPC) Employers' Side

Recommendations: Leaders' Committee is recommended to agree to change one of the members of the Greater London Provincial Council (GLPC) Employers' Side from Cllr Gerard Hargreaves (RBK&C) to Cllr David Lindsay also of RBK&C.

Appointment to the Greater London Provincial Council (GLPC) Employers Side

Background

1. One of the functions London Councils performs is being the London Regional Employers' Organisation and Leaders' Committee appoints the members of the Greater London Provincial Council (GLPC) Employers Side. All boroughs make a nomination to the Greater London Employment Forum and the fifteen-strong Greater London Provincial Council (GLPC) Employers Side is drawn from these, appointed at the London Councils Annual General Meeting.

Appointment

2. Nominations for appointments to the Greater London Provincial Council (GLPC) Employers Side are managed through the party groups and the Conservative Group wishes to change one of its nominations from Cllr Gerard Hargreaves (RBK&C) to Cllr David Lindsay, also of RBK&C.

Equalities Implications:

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

Financial Implications:

There are no direct financial implications arising from this report.

Legal Implications:

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

Recommendation:

Leaders' Committee is recommended to agree to change one of the members of the Greater London Provincial Council (GLPC) Employers' Side from Cllr Gerard Hargreaves (RBK&C) to Cllr David Lindsay also of RBK&C.

Leaders' Committee

Summaries and Minutes

Item no: 12

Report by: Derek Gadd **Job title:** Head of Governance
Date: 5th December 2017
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary Summaries of the minutes of London Councils

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

- Grants – Leadership in the Third Sector – 12 September 2017
- CAB – 18 October 2017
- Executive – 14 November 2017

Meeting of the Grants Sub Committee: Third Sector Leadership

Tuesday 12 September 2017 2pm

London Councils, Room 7, 59½ Southwark Street, London SE1 0AL

Members

Cllr Paul McGlone
Cllr Forhad Hussain
Cllr Yasemin Brett
Cllr Joan Millbank
Cllr Bob Littlewood
Cllr Paul Ellis
Cllr Don Massey
Alderman Alison Gowman

Borough

LB Lambeth (Chair)
LB Newham
L B Enfield
LB Lewisham
LB Redbridge
LB Wandsworth
LB Bexley
City of London

London Councils

Yolande Burgess
Simon Courage
Katy Makepeace-Gray
Feria Henry
Jade Appleton
Mehboob Khan

Strategy Director
Head of Grants and Community Services
Principal Programme Manager
Priority Manager
Conservative Group Adviser
Labour Group Adviser

Board Secretariat

David Dent

Principal Corporate Governance Officer

London Hub

Sharon Long

Interim Hub Director

London Funders

Geraldine Blake

Interim Projects Director

Rocket Science

John Griffiths

Consultant

1. Declarations of Interest

1.2 Cllr Joan Millbank declared an interest as an employee of City Bridge Trust.

2. Apologies for absence

2.1 Apologies were received from Cllr Stephen Carr (LB Bromley), Cllr Comer-Schwarz (LB Islington), Cllr Sue Anderson (LB Harrow), Alderman Alison Gowman (City of Westminster), and Cllr Simon Wales (LB Sutton)

3. Minutes of the Meeting Held on 18th July 2017

3.1 The minutes of this meeting were agreed as a true and accurate record.

3.2 The Chair wanted to ensure that for future minutes the actions arising from the meeting could be clearly tracked, including those from the 18th July meeting. Yolande Burgess, London Councils Strategy Director, confirmed that this would be done.

4. London Councils' Survey of Boroughs on Third Sector Infrastructure: Update and Publication.

- 4.1 Although this was item 5 on the agenda, the Sub Committee agreed to take the item at this point on the agenda.
- 4.2 Katy Makepeace-Gray, Principal Programme Manager, provided the background to the report and thanked participating boroughs for their participation in the survey, which showed clearly that local authorities were providing a vital role in terms of the Third Sector.
- 4.3 Feria Henry, London Councils Priority Manager, confirmed that following the presentation of the initial survey results to the previous meeting, a further four responses had been received, bringing the total to 28. The additional responses had not made any material change to the findings. The Priority Manager now sought sub-committee's approval to publicise the results.
- 4.4 The Chair felt it important when publicising the results to be clear about how the results were going to be used.
- 4.5 Cllr Millbank asked that the boroughs who did not respond should be brought to the relevant members' attention. The Chair agreed that this could be done when reporting back to the Grants Committee.
- 4.6 Members noted the updated survey findings, and agreed to the publication of the findings, subject to:
- The publicity including detail about how the results will be used and
 - That details of the non- participating boroughs be reported back to Grants Committee

5. Infrastructure Support Change Implementation

- 5.1 Although this was item 4 on the agenda the sub committee agreed to take the item at this point on the agenda.
- 5.2 The Chair suggested that Geraldine Blake from London Funders should first provide an update on The Way Ahead implementation.
- 5.3 Ms Blake introduced the final draft of the Change Plan (pages 21 – 34 of the sub-committee report) , which had been discussed at the Systems Change Group (SCG) on 7th September, and included feedback given at this sub-committee's July meeting. Ms Blake felt that the local 'flavour' hadn't been fully brought out in the plan, but hoped that further work with the sub-committee would assist this.
- 5.4 It was reported that the SCG would now be meeting quarterly and acting as a high level group, and that a number of 'task and finish' groups would now be established, including Cornerstone Fund, London Hub and Equalities Groups. A Co-Production Group would also be set up. Ms Blake welcomed the involvement of Members in these groups. The SCG members would be responsible for consultation within their own constituencies.
- 5.5 Ms Blake took questions from Members. The Chair asked whether the SCG was time limited and it was confirmed that the Group had a two year life. Ms Blake also confirmed that the Plan, although being published on line at the end of the week, would be constantly reviewed. In response to a question from Cllr Hussain, Ms Blake commented that the brief for the GLA work on Civil Society was informed by The Way Ahead. Cllr Millbank was concerned that it was difficult for one document to be able to 'talk' to different audiences, and that a Communications Plan would be useful here. The Chair asked that such a plan should be considered and a report made back to the sub-committee's next meeting.
- 5.6 The sub-committee discussed the four principles underpinning The Way Ahead work, namely:

- Pragmatic co-production
- Building community strength and self-reliance
- Incorporating values of transparency, fairness, equality, openness, trust and accountability
- Building in the Review's theory of change

Cllr Ellis was concerned that, in terms of the first principle, it was not easy to see the outcomes from the document and Cllr Ellis felt that the Plan was too concentrated on process. Ms Blake responded that while the Plan was a high level document, the proposed Theory of Change would create a measurement framework that would allow outcomes to be assessed. The Chair also felt that in the measurement work the Grants Committee would want to see specific outcomes, and that the framework should show specific outcome 'exemplars.'

- 5.7 Some concern was expressed by Cllr Brett and Cllr Littlewood in the second principle that the 'deprivation' indicators used for needs assessment did not sufficiently take account of the issues in outer London boroughs. The Chair suggested that the substitution of alternative words here, for example 'intelligence led funding strategies' might be useful.
- 5.8 Cllr Massey felt that in terms of the fourth principle, the financial sustainability of any new arrangements was vital to this work, and that any such solutions needed to be affordable.
- 5.9 It was agreed by the sub-committee that the Strategy Director would continue to work with Ms Blake to refine the principles, and provide a report back at the next meeting.
- 5.10 The sub committee then welcomed Sharon Long, Interim Director of The London Hub, to talk about the work of establishing the new organisation.
- 5.11 Ms Long reported that a draft paper on the formation of the London Hub had been presented to The Way Ahead conference in June 2017, and more detail on this was now being reported to this sub-committee (pages 13 – 20 of the report). One of the main issues was that the Hub did not have a lot of resources and as such focused on four areas: promoting positive change; unleashing potential; improving systems of support; and real time intelligence. Ms Long felt that while the Hub could be flexible it couldn't be 'all things to all people,' particularly in that it would have only five members of staff. It was also concerned to reduce duplication of work, was seen as a brokering tool, and was also concerned with outcomes – the project was dependent on money from the City Bridge Trust, with the accountable body being the Greater London Volunteering Board.
- 5.12 Members were concerned as to how the Hub would be able to publicise itself so people would want to go to them? Also, that small voluntary organisations, often working at a micro level, may not be able to tap into the resource? Ms Long responded that the Hub would not duplicate what was already being provided, but rather would build on existing information and the sharing of that information and intelligence, which was often collected in duplicate because organisations were working in isolation. Cllr Brett thought it would be useful for the Hub to develop its own information database, but it was felt that because of the complexities of data sharing the Hub should concentrate on managing data rather than collecting it themselves.
- 5.13 The sub-committee thanked Ms Long for her presentation.

Members resolved to exclude the press and public from the meeting for the exempt part of the meeting.

The meeting finished at 15:25

Meeting of the Capital Ambition Board

Wednesday 18 October 2017, 10.30am

London Councils, Conference Suite, 59½ Southwark Street, London SE1 0AL

Members

Edward Lord OBE JP
Cllr Stephen Alambritis
Cllr Fiona Colley
Cllr Kevin Davis

Local Authority

City of London (Chair)
LB Merton
LB Southwark
RB Kingston upon Thames

London Councils

Frank Smith
Guy Ware
Thomas Man
Lisa Henry

Role

Director of Corporate Resources
Director, Finance, Performance and Procurement
Head of Capital Ambition
Capital Ambition Programme Manager

Advisers

James Rolfe

Executive Director of Finance, Resources and
Customer Services, LB Enfield

Board Secretariat

David Dent

Principal Corporate Governance Officer

EY

Neil Sartorio
Shu Fei Wong

Partner, Local Public Services
Manager, Local Public Services

Behavioural Insights Team – for item 5

Tim Pearse

Head of Local Government, BIT

Targeted Ventures

Mark Baigent

Divisional Director Housing and Regeneration, LB
Tower Hamlets

1. Declarations of Interest

1.2 There were no declarations of interest.

2. Apologies for absence

2.1 Apologies were received from Cllr David Simmonds (LB Hillingdon), Cllr Nicholas Paget-Brown (RB Kensington & Chelsea) and Paul Najsarek (LB Ealing).

2.2 It was also noted that John Hooton from LB Barnet would be joining CAB as a Chief Executive Adviser for future meetings but was unable to make this meeting.

3. Minutes of the meeting held on 11 July 2017

3.1 The minutes of the non-exempt part of the meeting held on 11 July 2017 were agreed as an accurate record.

3.2 CAB noted that Cllr Davis's apologies had been recorded for the meeting although he is a Conservative group substitute member for CAB and hadn't expected to attend on 11 July.

4. Capital Ambition - Director's Report

- 4.1 The report was noted by CAB. The Chair noted within the report that the majority of the original Capital Ambition fund has been allocated and spent.

5. Behavioural Insights Report on Trials

- 5.1 The Chair welcomed Tim Pearse from the Behavioural Insights team to report back on the results of the recent BI trials.
- 5.2 Mr Pearse confirmed that two pilots had been undertaken in the borough of Croydon relating to improving recycling rates and recovery of Housing Benefit overpayments.
- 5.3 In terms of the recycling pilot, the driver for this was that household recycling rates were below the national target, with rates in London typically lower. The pilot was challenging because they were trying to create changes in household behaviours, the motivation for which is not always clear, or easy to shift and sustain. An additional challenge was in measuring the full impact as individual bins are not weighed, so only aggregate changes in recycling versus landfill could be measured. However the letters sent to households who didn't regularly recycle had a marginal impact, with those households 6% less likely to miss a recycling round in subsequent weeks as a result of the communication.
- 5.4 Mr Pearse informed CAB that the recovery of Housing Benefit overpayment pilot was relevant because of the £2 billion outstanding HB debt nationally. The pilot addressed the issue in Croydon by altering the wording in the letters sent to those who had received overpayments, and providing options for repayment depending upon the level of overpayment. The pilot had achieved success by increasing repayment of debt within 45 days by 14%, with the total amount repaid increased by 42%. If this were rolled out it was estimated that £212,000 could be brought forward per year.
- 5.5 Cllr Alambritis questioned the low level of the 6% figure for increased recycling. Mr Pearse commented that the way to improve recycling rates was to address issues of habits and behaviours which were long term activities, but felt that in this trial there was a small improvement.
- 5.6 In response to a question from Cllr Colley as to whether the successes of the HB pilot could be applied to other forms of debt, Mr Pearse agreed. Guy Ware, Director, Finance, Performance and Procurement mentioned a similar scheme run at the London Borough of Lambeth in relation to Council Tax which had been similarly effective. James Rolfe also commented that Enfield had run similar initiatives related to Council Tax debt, which also had the broader benefit of reducing demand on their Customer Services team.
- 5.7 Cllr Davis felt that the improvements in the recycling pilot might be short term, and that to establish effectiveness a repetition of the exercise would be necessary. Mr Pearse again felt that recycling was a behavioural issue. Cllr Davis also raised the issue as to whether there were cultural factors around recycling, and Mr Pearse agreed, and also stated that much of the success of recycling could also be linked to social norms within areas of boroughs i.e. whether or not other households on the same street recycled.
- 5.8 The Chair thanked Mr Pearse for his presentation, and now felt it important to communicate the results. Lisa Henry, Capital Ambition Programme Manager, informed CAB that there were plans to utilise the existing professional networks for this, and also to link up with the work recently carried out by Lambeth and the LGA.
- 5.9 On this basis CAB noted the presentation and the results of the trials, and agreed to the dissemination of the results through the professional networks.

6. London Ventures Progress Report

- 6.1. Thomas Man, Head of Capital Ambition, introduced the report, informing CAB that since the July Board meeting the team had been very active in promoting the programme to networks, boroughs, national conferences with high levels of interest and engagement across all stakeholders. Reflecting on the targeted ventures process and development the Head of Capital Ambition reflected on the fact that one of key new elements of the London Ventures programme had now created feasible innovative concepts and the entire process had been predicated on the engagement and involvement of boroughs, central Government agencies and charities. The targeted ventures process had been tested against one of the biggest challenges facing London and had proven to be very challenging, but also a successful way to channel stakeholders into creating new ideas and opportunities.
- 6.2. In terms of the London Ventures programme, CAB were informed that the position was healthy in that London boroughs were actively approaching the London Ventures team to get involved, and understand more about the opportunities, products and services offered through the programme. Given the nature of the programme and its offer it was noted that boroughs had different levels and types of engagement with the programme.
- 6.3. With the award of the new London Ventures contract last year, Neil Sartorio from EY reminded CAB that the London Ventures programme had been 'reset' 12 months previously to seek wider engagement and establish a broader network. There had also been some initial engagement with venture capitalists and social investors, although this was at an early stage. EY were aware of the financial objectives and were aiming to achieve a financially stable programme position.
- 6.4. In response to a question from Cllr Alambritis regarding potential venture capitalist involvement, Mr Sartorio commented that there was interest around some of the venture partner projects where there was capacity for greater involvement. However these discussions had not been progressed pending a steer from CAB, and also taking into account the governance implications.
- 6.5. Cllr Colley asked about the level of member awareness, particularly around Leaders and lead Members, as she felt that understanding and awareness of the programme was still inconsistent across local government. Mr Sartorio responded that awareness could vary from borough to borough as well as within the authority itself. Cllr Coley wondered whether the London Councils summit might be a good opportunity for engagement, as well as London Councils briefings. The Head of Capital Ambition informed CAB that the London Ventures team would have a stand at the event. He also mentioned that he was soon to carry out a stakeholder survey, including Cabinet Members, which would inform future communications activities, but that a lot of work had been done at officer level on this issue. The Director, Finance, Performance and Procurement pointed out that it was sometimes difficult to identify programme successes directly as capturing the benefits and savings achieved within boroughs as a result of London Ventures could be difficult. The London Ventures team had created social media packs for members to use through their own existing social media channels. Officers were advised to provide appropriate content as and when necessary for members to utilise.
- 6.6. In response to a question from the Director of Corporate Services, Mr Sartorio explained to CAB that although there was likely to be little immediate return on investment, venture capitalists were interested in seed funding low cost ideas because the initial risk was low, and there was the future potential to capitalise and invest which made it an attractive longer term opportunity. Also, some companies' involvement was in line with their own social impact aims, and there was the added attraction of being able to work through London Councils rather than making approaches to each individual London Borough.

6.7. CAB noted the London Ventures progress report.

7. Any Other Business

7.1 None.

Members resolved to exclude the press and public from the meeting for the exempt part of the meeting.

The meeting finished at 11.40

**Minutes of the Meeting of the Executive
Tuesday 14 November 2017 9:30 am**

Cllr Claire Kober OBE was in the chair

Present

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

London Councils officers and Sir Rodney Brooke CBE DL were in attendance.

1. Apologies for absence and announcement of deputies

Apologies were received from Cllr Darren Rodwell.

2. Declaration of interest

Ms Catherine McGuinness declared a non-pecuniary interest in the budget items 6 - 9 as the Chair of the City of London's Policy and Resources Committee in relation to contracts with the City of London held by London Councils.

Apart from that no interests were declared

3. Minutes of the Executive Meeting held on 12 September 2017

The minutes of the Executive meeting held on 12 September 2017 were agreed.

4. Independent Panel on the Remuneration of Councillors

The Chair welcomed Sir Rodney Brooke CBE DL, chair of the Independent Panel on the Remuneration of Councillors to the meeting and asked him and the Chief Executive to introduce the report.

The Chief Executive:

- Legislation required a local authority to have regard to the report of an independent panel when deciding its remuneration scheme for members.
- London boroughs can have regard to a single report applied collectively and the Independent Panel on the Remuneration of Councillors, chaired by Sir Rodney Brooke, had produced such a report at four-yearly intervals in 2006, 2010 and 2014
- In July London Councils agreed to reconvene the panel, comprising Sir Rodney Brooke CBE DL, Mr Steve Bundred and Ms Anne Watts CBE

Sir Rodney Brooke CBE DL

- This was the latest of the panel's four-yearly reviews
- On the Borough Scheme, boroughs were consulted and their comments taken into account by the panel
- The panel was recommending the same overall level of remuneration as last time
- The recommendations on basic allowance had been largely adopted but there were discrepancies in the convergence of special responsibility allowances
- The panel's research suggested an increased workload for councillors due to:
 - Digital media both making them more accessible to constituents and creating an expectation around speed of response
 - Greater involvement in new bodies – sub-regional groups, partnerships etc
- Use of an MP's salary as a benchmark for the remuneration of a council leader remained
- MP's salaries had been increased considerably since the panel's last review, while a council leader's had gone up only in line with the officers' pay award, which was significantly less

- In a different financial climate the panel would have liked to have recommended an increase for a council leader comparable to that brought forward by IPSA for MPs but this had to remain an aspiration for this or another panel to pick up in the future
- In some cases borough schemes depart from the relativities recommended by the panel and it was happy to insert a sentence into its report to reflect this, viz:

Councils can organise their functioning in very different ways and we recognise that flexibility in applying the scheme is necessary.

- On the London Councils Scheme it was generally considered fit-for-purpose and had been left largely unchanged.

The Chair thanked the panel members: Sir Rodney Brooke CBE DL, Mr Steve Bundred and Ms Anne Watts CBE and asked members of the Executive for comments.

Cllr Ray Puddifoot MBE commented that the inability of the panel to recommend a greater increase, that would have been justified by legitimate comparability with an MP's salary, was indicative of the situation local government found itself in.

Cllr Teresa O'Neill OBE referred to the recommendation in the report that asked whether the reports should be submitted to Leaders' Committee in December and proposed that it should.

The Executive agreed:

- That the reports should be submitted to Leaders' Committee on 5 December 2017
- Sir Rodney Brooke CBE DL should be invited to attend Leaders' Committee on 5 December to introduce the reports.

5. London Business Rates Pilot Pool

The Chair introduced the item saying:

- That she had met the Chancellor of the Exchequer in the previous week and he remained supportive of the proposal for a 100% business rate retention pool pilot in London
- The next step was for the government to prepare a designation order establishing the pool. However, if any authority were then to decide to opt out within the following 28 days, by mid-January, the pool would not proceed.

She invited the Interim Director: Finance, Performance & Procurement to add anything else he considered necessary and he reported that a proposed Memorandum of Understanding (MoU) had been drafted and was being discussed with civil servants. Legal advice on the decisions councils needed to make was being sent out.

In response to a question from Cllr O'Neill about whether council meetings would be needed he replied that that depended on a council's own scheme of delegation and decision-making processes.

Ms Catherine McGuinness pointed out that the City had an issue with the incentive for growth element and she needed to seek further approval from members.

In response to a question from Cllr Julian Bell about the strategic investment pot, officers confirmed that Government would like this to be higher but there was a recognition that the arrangement reached would sustain for 2018/19.

6. Devolution and Public Service Reform

The Chair also introduced this report saying that it was a general update and the MoU was due to be signed off on Thursday 16 November. Jules Pipe, Deputy Mayor for Planning, Regeneration and Skills at the GLA would attend Leaders' Committee in December to discuss skills devolution and the Draft London Plan.

The Executive agreed to note the report.

7. Audited Accounts 2016/17

The Director of Corporate Resources introduced the report saying it represented the final piece of the jigsaw for 2016/17 and compared the results to the pre-audited position reported to the Executive at their meeting held on 20 June 2017.

Cllr Ray Puddifoot MBE commended the report saying that the narrative that accompanied the accounts showed the breadth of activity that London Councils was responsible for.

The Executive agreed formally to adopt each of the three statutory accounts attached as appendices to the report.

8. Month 6 Revenue Forecast 2017/18

The Director of Corporate Resources also introduced this report saying it highlighted the projected outturn position for the current year, based on existing transactions, together with known future developments and a forecast underspend of £2.302 million was projected for 2017/18, across the three funding streams.

The Executive agreed to note the overall forecast surplus as at 30 September 2017 (Month 6) of £2.302 million and noted the position on reserves as detailed in the report.

9. Proposed Revenue Budget and Borough Subscriptions and Charges 2018/19

This was the third and last report introduced by the Director of Corporate Resources:

- The report proposed the level of borough subscriptions and charges to be levied in 2018/19, which would be submitted to the Leaders' Committee meeting on 5th December for final consideration and approval
- Inflation would now make a material difference to London Councils' budget particularly in the areas of pay and the contracts held with the City. In the past, such pressures may have required a corresponding increase in subscriptions but next year, it was proposed that this be managed without calling on boroughs for an increase
- After taking into account the budget proposals outlined in the report and the recommended use of reserves of £2.296 million, the level of uncommitted reserves reduced to £5.854 million which was considered a healthy position
- The proposals being submitted to Leaders' Committee in December involved:
 - Containing all budgetary pressures in 2018/19, including the rent review at Southwark Street, the officer pay award, GDPR preparatory work and other contract and general running cost increases, from within the 2017/18 approved budgetary resources, which would allow the three core subscriptions to remain at the current year's level
 - A £1 million reduction in the borough contribution towards the S.48 ESF programme as the three-year borough funding commitment expired at the end of 2017/18. However, as the programme had slipped by roughly 16 months, accumulated funds held in Grants Committee reserves would be applied to fund the programme, along with ESF grant, up until the current stated project end-date of March 2019 and
 - The continuation of the Challenge Implementation Fund of £525,000, funded from any underspent funds carried forward from the current year, replenished by uncommitted joint committee reserves.

The Executive agreed to recommend that Leaders' Committee approve at their meeting on 5th December 2017 the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2018/19, no change on the charge of £161,958 for 2017/18
- The proposed Joint Committee subscription for the MOPAC and the LFEPA of £15,410 for 2018/19, no change on the charge of £15,410 for 2017/18

- An overall level of expenditure of £8.668 million for the Grants Scheme in 2018/19 (inclusive of £2 million gross ESF programme), the same level as for 2017/18 and
- That taking into account the application of £1 million ESF grant and £1 million from earmarked Grants Committee reserves, net borough contributions for 2018/19 should be £6.668 million, compared to £7.668 million for 2017/18.

The Executive also agreed to recommend that the Leaders' Committee endorse the following subscription and charges for 2018/19 for TEC, which would be considered by the TEC Executive Sub-Committee on 16th November, before being presented to the main meeting of TEC on 7th December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2017/18 - £1,500)
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2017/18 – no charge)
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2017/18 - £338,182)
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which was fully covered by estimated PCN income (2017/18 – no charge)
- The Parking Enforcement Service Charge of £0.4226 per PCN, which would be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2016/17 (2017/18 - £0.4915 per PCN)
- The Parking and Traffic Appeals Charge of £30.63 per appeal or £27.02 per appeal where electronic evidence was provided by the enforcing authority (2017/18 - £32.00/£28.50 per appeal). For hearing Statutory Declarations, a charge of £25.21 for hard copy submissions and £23.53 for electronic submissions (2017/18 - £26.74/£26.06 per SD)
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2017/18, under the new contract arrangement with the GLA

- The TRACE (Electronic) Charge of £7.53 per transaction (2017/18 - £7.31)
- The TRACE (Fax) Charge of £7.70 per transaction (2017/18 - £7.48) and
- The PEC Charge of £0.175 per transaction (2017/18 - £0.17)

On the basis of the above proposed level of subscriptions and charges, the Executive agreed to recommend to the Leaders' Committee:

- The provisional consolidated revenue expenditure budget for 2018/19 for London Councils of £386.609 million
- The provisional consolidated revenue income budget for 2018/19 for London Councils of £384.313 million
- Within the total income requirement, the use of London Council reserves of £2.296 million in 2018/19

The Executive also agreed to recommend that the Leaders' Committee note:

- The position in respect of forecast uncommitted London Council reserves as at 31 March 2018
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources

Cllr Puddifoot proposed, and the Executive agreed, to thank the Director of Corporate Resource for his work on the budget and that balances have been properly managed.

AOB

The Chair reminded the Executive of:

- The breakfast meeting with the Minister for London, Greg Hands MP on the following Friday and
- The London Councils Summit on the following Saturday.

The meeting ended at 10:00am.

Leaders' Committee

Summaries and Minutes – 2nd dispatch Item no: 12

Report by: Derek Gadd **Job title:** Head of Governance
Date: 5th December 2017
Contact Officer: Derek Gadd
Telephone: 020 7934 9505 **Email:** Derek.gadd@londoncouncils.gov.uk

Summary Summaries of the minutes of London Councils

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

- Audit Committee Minutes on 21st September 2017
- TEC Minutes on 12th October 2017

Minutes of the Meeting of the Audit Committee

21 September 2017

Cllr Roger Ramsey was in the Chair

Members Present:

Cllr Roger Ramsey (LB Havering)
Cllr Stephen Alambritis (LB Merton)
Cllr Fiona Colley (LB Southwark)
Cllr Mukesh Malhotra (LB Hounslow)

In Attendance:

Jerry Mullins, Audit Manager, City of London
Martha Franco-Murillo, Senior Auditor, City of London
Neil Hewitson, Director, KPMG LLP
Stephen Lucas, Senior Manager, KPMG LLP

London Councils' officers were in attendance.

Introductions were made around the table for the benefit of any new members of London Councils' Audit Committee.

1. Apologies for Absence

An apology for absence was received from Councillor Simon Wales (LB Sutton).

2. Declarations of Interest

Councillor Alambritis declared an interest in being on the London Pensions Fund Authority (LPFA) Board.

3. Minutes of the Audit Committee meeting held on 22 June 2017

The minutes of the Audit Committee meeting held on 22 June 2017 were agreed as being an accurate record.

4. Draft Annual Audit Report 2016/17

The Audit Committee received a report that presented the annual audit report to those charged with governance (ISA260) prepared by KPMG, London Councils' external auditor, in respect of the 2016/17 financial year.

David Sanni, Head of Financial Accounting, London Councils, introduced the report. He informed members that the draft Management Letter at Appendix B (page 25) was a standard letter which would be signed by Frank Smith, Director of Corporate Resources, once it was approved. There was a letter to go with each set of accounts.

Neil Hewitson, Director, KPMG LLP, said that KPMG issued an unqualified opinion on each set of accounts. With regards to key audit risks (page 8), he said that the review of the risks across all three committee accounts did not reveal any issues. The judgements made in the financial statements (accruals and pensions liability, page 10) represented a balanced view and were within the acceptable range. The recommendations (page 12) from the previous year had both been implemented and there were no new recommendations in 2016/17.

Councillor Malhotra asked if London Councils' disaster recovery and Business Continuity Plan (BCP) had been reviewed during the course of the audit. Neil Hewitson said that the review of business continuity arrangements fell outside of KPMG's remit. The Chair confirmed that business continuity had been discussed at the previous Audit Committee meeting. Frank Smith said that the BCP had been reviewed a year ago. The BCP and cascade process was invoked by London Councils following the terrible events that occurred on Saturday, 3 June 2017 at London Bridge. The cascade process was initiated on the following day via telephone, text messaging and email informing staff that the London Councils' building at Southwark Street was open for business as usual. Frank Smith confirmed that 92% of London Councils' staff had received the message. The Chair said that details of this could be found on page 3 (2nd para) of the minutes from the last meeting.

Councillor Malhotra asked if he could have further details with regards to the pensions liability (£29.99mm) in the Financial Statements on page 10 (page 16 handwritten) of the report. Stephen Lucas, Senior Manager, KPMG LLP, said that KPMG used actuarial experts to ascertain whether the assumptions used by London Councils' actuary were within an acceptable range. Frank Smith said that the pension scheme funding level had increased from 96% as at 31 March 2016 to the current position of 104%, making it currently fully funded. Councillor Malhotra asked whether this was under the London Pensions Fund Authority (LPFA). Frank Smith confirmed that it was; London Councils having attained Admitted Body status back in 2000. The Chair said that details of this were set out in the Statement of Accounts.

Councillor Colley noted that the pensions deficit was growing and she asked what benchmarks KPMG were using for comparison. Stephen Lucas said that actuarial experts looked at a range of assumptions used by a number of actuaries in order to determine an acceptable range. KPMG would investigate any assumptions that fell outside the acceptable ranges. Neil Hewitson confirmed that the assumptions used in London Councils' accounts were within the acceptable range.

The Audit Committee:

- Noted the contents of the annual audit report included at Appendix A; and
- Approved the draft letter of representation included at Appendix B.

5. Financial Accounts 2016/17

The Audit Committee received a report that presented the audited statement of accounts for 2016/17, for approval. The accounts to be approved comprised of London Councils' Consolidated Statement of Accounts for 2016/17, London Councils' Transport and Environment Committee Statement of Accounts for 2016/17 and London Councils' Grants Committee Statement of Accounts for 2016/17

David Sanni introduced the report and informed members that there was an audited surplus for 2016/17 of £1.764 million for the provisional consolidated accounts. He said that Table 3 (page 34) showed the adjusted position for the 2016/17 statutory accounts, incorporating actuarial losses on pension assets/liabilities. David Sanni informed members that Table 5 (page 36) showed the audited position on usable reserves as at 31 March 2017 - £12.510 million over the three funding streams.

Councillor Colley asked what was planned and unplanned with regards to the use of reserves. David Sanni said that transfers from usable reserves were used for balancing the budget and were approved by members during the annual budget setting process each December. The transfers from unusable reserves are not included in the budget but are derived from accounting adjustments resulting from the movements on the Pension Reserve and Accumulated Absence Liability.

Councillor Colley asked if there were any concerns regarding figures in the “analysis of revenue account surplus” in Table 4 (page 35). Frank Smith said this was reported to Committee on a quarterly basis. He said that TEC surpluses and overspends were harder to assess as they related to trading services, such as concessionary fares and parking services and were demand led by service users. Grants included an underspend on the current European Social Fund (ESF) matched funded programme. On the Joint Committee, there was a surplus on central recharges and an underspend on research and commissioning, which was expected and reported to the Executive during the course of the year. Frank Smith said that the ESF budget would catch-up this year. The Chair said that the budget was agreed by London Councils’ Leaders Committee and the outturn reported to the Executive before it was presented to Audit Committee. Councillor Colley asked if there were any risks going forward. She said that she was unable to find the funding ratio of the pension scheme in the accounts. It was agreed that the funding ratio would be included in future accounts.

Councillor Malhotra asked if London Councils had any contingency plans in place for not receiving the £940,000 co-financing contribution from the ESF after Brexit (page 71, para 29, Consolidated Statement of Accounts). Frank Smith confirmed that the ESF programme was scheduled to end before Brexit. He said that the ESF grant would continue until the programme ended. The programme had now slipped until December 2018 and a further extension had now been sought to mid-2019. The Chair asked when the current S.48 Grants programme ended. Frank Smith confirmed that the current Grants programme ran up to March 2021.

The Audit Committee:

- Approved the statement of accounts, as detailed at Appendices A to C of the report; and
- Agreed that the funding ratio would be included in future financial accounts.

6. London Councils’ Corporate Risk Register

The Audit Committee received a report on the Corporate Risk Register that was presented to the Audit Committee on an annual basis

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the report. She informed members that the Corporate Risk Register was presented to the Audit Committee every September. It was reviewed quarterly by the Corporate Governance Group and twice a year by the Corporate Management Board (CMB). Christiane Jenkins informed members that there had been no changes to the register from the previous year, with the exception of Corporate Risks 7, 8 and 9 where the appropriate London Councils’ responsible officer(s) had changed as a result of the previous officer responsible, Nick Lester-Davis, leaving the organisation.

Councillor Colley asked whether the loss of borough support varied over time (Corporate Risk 1, page 44). John O’Brien said no authority were currently in a period of notice in respect of leaving London Councils, but the Register rating took account of the potential for this position to change, particularly in periods of heightened sensitivity.

Councillor Malhotra asked what progress London Councils was making with regards to complying with the new General Data Protection Regulation (GDPR) framework being enacted on 25 May 2018. He said that plans for the regulators needed to be in place by January 2018. Frank Smith said that London Councils had an experienced officer, Emily Salinger, carrying out this work. He informed members that there were two main risks for London Councils, namely (a) consent, and (b) contractual (London Councils was responsible for third party contracts and clauses needed to be put in to clarify responsibilities of contractors with regards to the new regulations). With regards to the Taxicard Scheme, Frank Smith said that all 65,000 members would potentially need to be written to in order to gain their consent for use and retention of their personal data. He reassured the Committee that work was in hand and that London Councils already had a GDPR project plan. Frank Smith said that regular meetings were also taking place with Christiane Jenkins, Emily Salinger and himself and any potential risks would be identified by the end of the year. Councillor

Malhotra asked if progress for implementing the GDPR could be a standard item on the Audit Committee agenda going forward.

Neil Hewitson said that there was a great deal of work that needed to be carried out across the Local Government sector before the new GDPR was implemented in May 2018. Christiane Jenkins said that an internal audit on information governance had taken place at London Councils. She confirmed that 119 staff (out of 120 staff) had undertaken mandatory classroom based training and that London Councils had also signed up to an online training module which was mandatory for all staff ("Bob's Business eLearning"). An asset register was also being put together and this work was being made a priority.

Frank Smith informed members that London Councils had three main contracts where personal data was used, namely (a) Parking Managed Services, (b) Taxicard contract, and (c) the administration of the Freedom Pass (outsourced to call centres). London Councils had been in contact with all three of these contractors. Frank Smith said that the Grants programme also contained a large amount of personal data and robust controls needed to be in place to manage this information, particularly in respect of the ESF programme.

Councillor Malhotra asked what was being carried out to ensure that London Councils would be GDPR compliant with regards to its payroll and pensions. Frank Smith said that the LPFA, which manages London Councils pension, was currently taking measures at the moment. He said that the City of London undertook the payroll functions on behalf of London Councils, via an SLA. Jerry Mullins, Audit Manager, City of London, said that work on this was ongoing and was in the internal audit plan for the City. He said that payroll, including the employee pension deductions were being looked at on a regular basis.

Councillor Malhotra asked what London Councils' plans were to bolster IT transitional issues, in light of the recent breaches in cyber security. Frank Smith said that the City of London provided the IT for London Councils, through Agilisys, and regular meetings took place with them. He confirmed that London Councils had not suffered from any threats during these recent breaches in IT security. London Councils' IT strategy was approved by CMB, and London Councils operated some of its services in the Cloud.

Councillor Malhotra asked whether any reviews had taken place to ensure that the London Councils' building was fit for purpose. Frank Smith said that there was currently a ten year lease on the premises which expired in 2021. He confirmed that the building was fit for the services that London Councils provided at the moment. Frank Smith said that London Councils was responsible for the repairs and maintenance of the building and employed various contractors to deal with any issues that arose. John O'Brien, Chief Executive, London Councils, said that the building was in a good location for members, although it had certain limitations with regards to meeting rooms/layout.

The Audit Committee:

- Agreed that progress on implementing the General Data Protection Regulation (GDPR) would be a standard item on future Audit Committee agendas; and
- Noted the London Councils Corporate Risk Register for 2017/18, which was attached at Appendix 2 of the report.

7. Internal Audit Reviews Update

The Audit Committee received a report that provided members with an update of internal audit work that had been undertaken since the last meeting held in June 2017.

David Sanni introduced the report, which was a regular item on the agenda and provided an update from the last Audit Committee meeting held on 22 June 2017. The Recruitment and Payroll Administration audit had been completed and could be found at Appendix A of the report. David

Sanni informed Committee that Recommendation 1, regarding the “use of payroll exception reports” to help identify payroll errors, had been rejected by Management on the account that London Councils was a relatively small organisation that only employs 120 staff. It was deemed that obtaining such reports would outweigh any available benefits. Also, checks could be carried out using the existing software packages.

Jerry Mullins said that the 2016/17 the draft report on information management and security had been issued and was the final review included in the 2016/17 audit plan. He said that work on this year’s audit plan had now started. The Chair said that work on a number of reviews in the 2017/18 audit plan had been slower than anticipated (Appendix B, page 63). Jerry Mullins said that there was an issue of finding the right time to carry out an audit review (eg around IT work). However, he reassured members that all work would be completed by the 31 March 2018 and nothing would be carried over to the following year.

The Audit Committee:

- Noted and commented on the internal audit report on Recruitment and Payroll Adjustments attached at Appendix A of the report;
- Noted the Internal Audit Progress Report for 2017/18 attached at Appendix B of the report; and
- Noted that there were no significant control weaknesses identified in the reviews completed during the period.

8. Dates of Audit Committee Meetings for 2018/19

The Audit Committee received a report that notified members of the proposed Audit Committee meeting dates for 2018/19.

Councillor Malhotra said that the next meeting of the Audit Committee was not until March 2018 and that it would be beneficial if the Committee could receive updates on the GDPR prior to this meeting. The Chair said that it was probably more appropriate if a report went to the London Councils’ Executive meeting which next met on 16 January 2018, and, subject to the agreement of the Chair of London Councils, an update on GDPR could go to the Executive and then be shared with the respective Audit Committee members.

The Audit Committee agreed the meeting dates for 2018/19.

The meeting finished at 11:25am

Action Points

	Action	Progress
<i>Item 5. Financial Accounts 2016/17</i>	<i>Agreed to include funding ratio in future financial accounts</i>	Ongoing
<i>Item 6. Risk Management Corporate Risk Register</i>	<i>Agreed that progress on implementing the GDPR would be a standard item on The Audit Committee agenda</i>	On AC agenda for 22 March 2018
<i>Item 8. Dates of Audit Committee</i>	<i>Agreed that an update on GDPR would, subject to the Chair’s approval, go to the London Councils’ Executive Committee and then onto the Audit Committee</i>	

Leaders' Committee

Report from the Transport & Environment Committee – 12 October 2017

Item no:

Report by: Alan Edwards **Job title:** Governance Manager
Date: 5 December 2017
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary: Summary of the minutes of the London Councils' Transport & Environment Committee held on 12 October 2017

Recommendations: For information.

1. **Attendance:** Cllr Lynda Rice (LB Barking & Dagenham), Cllr Colin Tandy (LB Bexley - Deputy), Cllr Tim Stevens (LB Bromley – Deputy), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing, Chair), Cllr Vicki Pite (LB Enfield - Deputy), Cllr Sizwe James (RB Greenwich), Cllr Feryal Demirci (LB Hackney), Cllr Larry Culhane (LB Hammersmith & Fulham - Deputy), Cllr Graham Henson (LB Harrow), Cllr Jason Frost (LB Havering), Cllr Douglas Mills (LB Hillingdon – Deputy), Cllr Claudia Webbe (LB Islington), Cllr Will Pascall (RB Kensington & Chelsea), Cllr Phil Doyle (RB Kingston-upon-Thames), Cllr Nick Draper (LB Merton - Deputy), Cllr Pat Murphy (LB Newham), Cllr John Howard (LB Redbridge), Cllr Peter Buckwell (LB Richmond-upon-Thames), Cllr Jill Whitehead (LB Sutton), Cllr Clyde Loakes (LB Tower Hamlets), Cllr Caroline Usher (LB Wandsworth), and Alex Williams (Transport for London).

2. **Apologies for Absence:** Cllr Dean Cohen (LB Barnet), Cllr Alex Sawyer (LB Bexley), Cllr Colin Smith (LB Bromley), Cllr Daniel Anderson (LB Enfield), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Keith Burrows (LB Hillingdon), Cllr Amrit Mann (LB Hounslow) and Cllr Martin Whelton (LB Merton).

3. **Mayor's Environment Strategy – Introduction by Shirley Rodrigues, Deputy Mayor for Environment & Energy, GLA**

Shirley Rodrigues introduced the Mayor's draft London Environment Strategy and made the following comments:

- The Environment Strategy would cover areas like air quality, climate change and waste, and would be aligned with the Transport Strategy being undertaken by Val Shawcross, Deputy Mayor for Transport, GLA.
- It was an ambitious strategy to 2050 and aims to provide certainty in the long-term.
- The Mayor's aim was to improve the environment now through implementing policies for air quality, green infrastructure, energy efficiencies and fuel poverty.
- A new "T-Charge" (Toxicity Charge) would come in to force on 23 October 2017 and would have wide reaching implications for health. The introduction of the Ultra Low Emission Zone (ULEZ) would improve air quality further.

- Part of plans for increasing green infrastructure was to make London a “National Park City” by 2050. Green belt land would continue to be protected. A “Green Spaces Commission” would be set-up to look at parks and open spaces.
- The Environment Strategy included targets for waste and recycling (65% recycling rate by 2030).

A “Q and A” session took place where members asked questions regarding recycling rates and air pollution. Shirley Rodrigues also informed members that a “cleaner vehicle checker” had also been introduced, where a person could check how clean the vehicle they were planning to buy was.

4. Response to Mayor’s Draft Transport Strategy – Presentation by Val Shawcross, Deputy Mayor for Transport, GLA

Val Shawcross added the following comments:

- London Councils’ draft response to the Mayor’s Transport Strategy was very substantial and was very welcomed.
- 350 detailed submissions had been received from stakeholders, along with 6000 individual submissions.
- A large number of seminars, workshops and public focus groups had convened and this had helped to develop a stronger transport strategy. There might also be an Annual Conference Programme, something that would continue to be explored with the Chair and officers at London Councils.
- A lot more work would be carried out on freight which included the “Vision Zero” road safety policies.
- A change to modal shift in outer London needed to take place, facilitated by more public transport.
- On the draft LIP 3 Guidance, it was recognised that this needed to be more policy led and TfL and London Councils’ officers were starting to work on this jointly.

A “Q and A” session took place where members asked questions regarding public transport, Crossrail 2, Local Transport Funding and the tramlink.

5. Local Implementation Plan Guidance Response

The Committee received a report that summarised the development process of London Councils’ draft Local Implementation Plan (LIP) Guidance and sought member approval for its contents. This item had already been discussed in conjunction with agenda item 4.

Decision: The Committee **(i)** noted and discussed the report and draft response to the draft LIP Guidance at Appendix 1; and **(ii)** agreed to submit the draft response to the draft LIP Guidance as outlined at Appendix 1.

6. Flooding Investment in London & Introduction of the New Chair of the Thames Regional Flood & Coastal Committee

The Committee considered a report that provided members with the annual update from the Thames Regional Flood and Coastal Committee (Thames RFCC) on its work and progress on the six-year capital programme to improve flood defence. The report included a business case presented by the Environment Agency on behalf of the Thames RFCC for an increase in local levy.

Robert Van de Noort, the new Chair of the Thames Regional Flood and Coastal Committee (Thames RFCC), introduced the report and the following comments were made:

- Robert Van de Noort was new to the role and had been Chair of the Thames RFCC for only three weeks. He works at the University of Reading. He had previously chaired the South West RFCC for four years.
- One million people were currently at risk from flooding in London.
- A 25-year approach to flooding had been agreed this year by the Thames RFCC.
- The Thames RFCC was working on a number of “themes”, including:
 - (1) Slowing the flow – keeping water further upstream to help prevent flooding. A grant of £500k had been received for this;

- (2) Reducing surface flooding and sewage flooding – work was taking place with Thames Water on this;
- (3) Promoting the value of flood plains;
- (4) Reducing the tidal flow risk in the Thames Estuary – this was ongoing;
- (5) Empowering communities to become more resilient to flooding;
- (6) Delivering forward-looking, integrated schemes, including major projects; and
- (7) Promoting maintenance and the need for contingency plans.

The Committee **(i)** agreed that the steer to the TEC members who sit on the Thames RFCC would be to increase the levy by 1.99% for 2018/19, **(ii)** noted the new Chair of the Thames RFCC was Robert Van de Noort, and **(iii)** noted that “Beverly Park Flood Scheme” page 35 of the report) was in the borough of Merton and Sutton, and not the borough of Richmond.

7. Chair’s Report

The Committee received a report that updated members on transport and environment policy since the last TEC meeting on 15 June 2017 and provided a forward look until the next TEC meeting on 7 December 2017.

The Committee **(i)** agreed that the Healthy Streets Board would become an official advisory board to which London Councils’ TEC would nominate members annually at its June AGM; and **(ii)** agreed that an email would be circulated to the boroughs that had not yet returned their delegated authority forms for GULCS (ie to give authority for London Councils to potentially undertake the operational management of the Go Ultra Low City Scheme).

8. GLC Parks Byelaws – Setting Penalty Levels

The Committee considered a report that provided members with the results of the GLC Parks Byelaws consultation which was run over the summer on behalf of TEC.

The Committee **(i)** noted the consultation outcome, **(ii)** agreed to set a fixed penalty level of £80 for breaches to the GLC Parks Byelaws, and **(iii)** agreed to set the level of reduced payment at £50 if the fixed penalty was paid within 14 days from the date of the notice.

9. Proposed Freedom Pas Settlement Adjustment for Rail Network Disruption

This report was withdrawn.

10. Direct Vision Standard for Heavy Goods Vehicles

The Committee received a report that gave members an update on Transport for London’s (TfL) work on using a Direct Vision Standard (DVS) for Heavy Goods Vehicles (HGVs) to deliver the Mayoral commitment to ban or restrict the most unsafe (zero star) HGVs from London by 2020, and ensure that only HGVs suitable for urban environments (three star and above) were used in London from 2024.

The Committee **(i)** noted the progress made in developing the Direct Vision Standard and proposals to ban or restrict the most unsafe HGVs from London’s roads, **(ii)** noted and supported TfL’s intention to carry out a policy consultation on a HGV Safety Standard Permit scheme proposal in autumn 2017, **(iii)** noted TfL’s work with London Councils to explore the existing London Lorry Control Scheme as the implementation mechanism for any permit scheme, and **(iv)** noted that Alex Williams would let Councillor Usher have the information regarding the tests carried out on HGVs and poor visibility.

11. Assisted Transport Allowances

The Committee received a report that informed the Committee of the outcome of a recent Assembly investigation into improving door-to-door transport services in London and the recommendations made by the Assembly in their subsequent report “Door-to-Door Transport in London – Delivering a User-Led Service”.

The Committee **(i)** endorsed the outline proposed objectives and scope for a pilot of Assisted Transport Allowances in two London boroughs, **(ii)** proposed that one of the pilots would be an inner London and the other an outer London borough, **(iii)** agreed to the participation of London Councils in a joint steering group with TfL, to develop the detailed scope of the proposed pilot during October and November 2017,

(iv) noted that TfL would provide the majority of resources required to undertake the analysis and modelling required to scope the pilot with subject matter expertise provided by London Councils' staff, and (v) noted that an update on the proposed pilot, together with a more detailed proposal, would be presented to members at the TEC meeting in December 2017.

12. Code of Practice for Parking Enforcement Part 2

The Committee considered a report that updated members on the Code of Practice for Parking Enforcement in London. The code was being updated in two parts. The revised Part 1 was agreed at TEC in December 2016. This report sought approval of Part 2 of the revised Code of Practice relating to back office functions.

The Committee (i) noted the contents of the revised Part 2 of the Code of Practice and agree that it should replace of the existing part of the Code relating the back office functions, and (ii) recommended the adoption of Part 2 of the Code of Practice by all London authorities that carried out civil parking enforcement of parking regulations.

13. TfL Consultation on Penalty Charge Levels

The Committee received and noted a report that contained details of TfL's consultation on plans to increase Penalty Charge notices (PCNs) on their network and outlined the reasons why London Councils was not undertaking a similar consultation for PCN levels on borough roads at this time.

14. Re-appointment of Environment & Traffic Adjudicators

The Committee considered a report that proposed the re-appointment of nine environment and traffic adjudicators under the terms of the Traffic Management Act 2004.

The Committee agreed that the following adjudicators be appointed for a period of 5 years from 10 December 2017: Neeti Haria, Caroline Hamilton, John Hamilton, Mamta Parekh, Sean Stanton-Dunne Carl Teper, and Timothy Thorne. Michel Aslangul to be appointed until 26th July 2020 and Francis Lloyd to be appointed until 13th March 2021.

15. Environment & Traffic Adjudicators' Annual Report 2016/17

The Committee received and noted a joint Annual Report by the Environment and Traffic Adjudicators for the reporting year 2016/17.

16. TEC Constitutional Matters

The Committee received and noted a report that summarised the key changes to constitutional documents agreed by the Leaders' Committee AGM on 11 July 2017. Changes were being recommended for the following documents: (a) London Councils' Standing Orders, (b) London Councils' Scheme of Delegation to Officers, (c) Terms of Reference for Sub-Committees, and (d) Financial Regulations.

17. Minutes of the TEC Executive Sub Committee held on 15 September 2017 (for noting)

Item 3: Air Pollution & Smart Mobility, Q and As (page 2, end of para 4) – agreed to replace "car" pollution with "air" pollution, (re sentence by Councillor Rice). Subject to this minor amendment, the minutes of the TEC Executive Sub Committee held on 15 September 2017 were noted.

18. Minutes of the TEC Main Meeting held on 15 June 2017 (for agreeing)

The Minutes of the TEC Main Meeting held on 15 June were agreed as an accurate record.

The meeting finished at 16:30pm