

# Leaders' Committee

## Summaries and Minutes

Item no: 9

**Report by:** Derek Gadd      **Job title:** Head of Governance  
**Date:** 20<sup>th</sup> March 2018  
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**Summary**      Summaries of the minutes of London Councils

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

- Pensions – 31 January 2018
- YPES – 22 February 2018
- TEC Executive Sub-Committee– 7 February 2018
- Executive – 27 February 2018

## **Pensions CIV Sectoral Joint Committee (PSJC)**

### **31 January 2018**

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Monday 31 January 2018, at 2:00pm in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

#### **Present:**

City of London	Sir Mark Boleat (Chair)
Barking and Dagenham	-
Barnet	Cllr Mark Shooter
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	Cllr Keith Onslow
Camden	Cllr Rishi Madlani
Croydon	Cllr Simon Hall
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Greenwich	-
Hackney	Cllr Robert Chapman
Hammersmith and Fulham	Cllr Iain Cassidy
Haringey	Cllr John Bevan (Deputy)
Havering	-
Harrow	Cllr Nitin Parekh
Hillingdon	Cllr Philip Corthorne
Hounslow	Cllr Mukesh Malhotra
Islington	Cllr Richard Greening
Kensington and Chelsea	Cllr David Lindsay
Kingston Upon Thames	Cllr Andrew Day
Lambeth	-
Lewisham	Cllr Mark Ingleby
Merton	Cllr Philip Jones
Newham	Cllr Forhad Hussain
Redbridge	Cllr Elaine Norman
Richmond Upon Thames	-
Southwark	Cllr Fiona Colley
Sutton	-
Tower Hamlets	Cllr Clare Harrisson
Waltham Forest	-
Wandsworth	Cllr Maurice Heaster
City of Westminster	-

#### **Apologies:**

Barking & Dagenham	Cllr Dominic Twomey
Greenwich	Cllr Don Austen
Haringey	Cllr Clare Bull
Havering	Cllr John Crowder
Lambeth	Cllr Iain Simpson

Officers of London Councils were in attendance as were Mark Boleat (Chair of PSJC), Lord Kerslake (Chair, London CIV), Mark Hyde-Harrison (CEO, London CIV), Kevin Cullen (Client Relations Director, London CIV), Larissa Benbow (Head of Fixed Income London CIV) and Robert Hall (Head of Equities, London CIV).

## **1. Announcement of Deputies**

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

## **2. Declarations of Interest**

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

## **3. Minutes of the Pensions CIV Sectoral Joint Committee held on 11 December 2017**

3.1. The minutes of the PSJC meeting held on 11 December 2017 were agreed as an accurate record.

## **4. Medium Term Financial Strategy (“MTFS”)**

4.1. Brian Lee, COO, gave a presentation on the Medium Term Financial Strategy (MTFS).

4.2. Brian Lee made the following comments and key points:

- *Areas of focus:* included key financial data for 2017/18, income and expenditure, fund launches and AUMs, annualised LLA cost savings, capital adequacy and systems and processes.
- Presentation focused on key financial and business highlights for 2018/2023 and the 2018/19 budget timetable. Cost budget forecast remained the same. Resourcing and operational infrastructure needed to continue to be invested in during 2018, including recruitment of staff (16 now, rising to 25), three core IT systems, appoint administrator for IT systems, administrator for non-ACS funds and implementing operational model.
- *Key financial highlights:* AUM - £7.2 billion by end of year. 31% of available London AUM this year and 42% in 2019. Development Funding Charge (DFC) for currently £75,000 and £65,000 for 2018/19 (expected to fall off earlier than expected – a good positive trend).
- *Income and expenses:* 25 staff members by 2018/19, which was pivotal to build-up capability. Legal and professional expenses included Governance review, Alpha FMC (IT) and the pension scheme. Also, there were increases in technology and operational costs.
- Eleven funds launched to date. £1 billion of assets for Q1 – ongoing.
- *Borough cost saving at end of September 2017:* A number of LLAs benefiting from cheaper fees and lower rates. Cost savings of £6 million per annum.

- *Capital adequacy requirement end of 2018*: FRS102 adjustment of £1,892k – a notional deficit relating to all pools, even though there was no actual deficit. **A recharge agreement needed to be put in place – this agreement needed to be signed by all the London boroughs.** There would be no additional costs to the shareholders. The recharge agreement would allow LCIV to reduce DFC in line with MTFS and prevent capital adequacy fluctuations.
- *Operational model and systems*: Exercise with Alpha FMC – Board agreed to operate three separate systems (IIO Tool, CRM Tool and Client Reporting Tool).
- Client Management to go live in Q1 2018 – key to the development to the organisation.
- LCIV needed to complete in 2018: (a) OJEU tender for investment and risk oversight, (b) OJEU tender for non-ACS administrator/depository, and (c) Complete FCA variation of permissions and structuring.
- *In summary*: Financial risk for 2018/19 not material. **PSJC approval needed for recharge agreement to avoid capital fluctuations. PSJC approval for the guarantee agreement in favour of City of London required.**
- Detailed paper-out of scope within existing MTFS in first year. Further update and issue will be addressed.

#### 4.3. The following conversations took place:

- Lord Kerslake (Chair, LCIV) said that the out of scope was a good part and in line with borough views.
- The MTFS Development Funding Charge and the Development Funding Charge, at the bottom of the “Key Financial Table” on page 16 of the report were one of the same.
- Councillor Simon asked about additional resources for posts of Client Network and Stakeholder Engagement Executive. Mark Hyde-Harrison (CEO, LCIV) confirmed that there were two Client Network posts. The Stakeholder Engagement post would be responsible for the Governance arrangement for the CIV.
- Councillor Heaster asked about the 9 positions that currently needed recruiting to and when this would be completed. The COO confirmed that Tony Lambert was leading on the recruitment. 7 vacancies being advertised at present. The recruitment was expected to conclude by June to July 2018.
- Councillor Onslow asked whether the FRS102 adjustment from £751,000 to £1.897 million was a realistic amount. The COO said that the LCIV followed the actual funding rate by the City of London (FRS102) and confirmed that

there was no deficit at all. There was also no deficit on the final salary pension scheme.

- Councillor Onslow queried why the LCIV had a final salary pension scheme and suggested that this be closed to new staff entrants. Lord Kerslake said that the Board had looked into this issue. He said that recruitment was taking place with staff from the public and private sector. Final salary pensions were put in place originally, although there would be choices in the future, and the Board would take this issue back to the stakeholders.
- Councillor Johnson said that it would be hard to recruit staff from local authorities if a final salary pension was not incorporated into the package. Lord Kerslake said boroughs would need to be consulted on this issue. The Chair said that the final salary pension arrangement rolled over from local authorities. The COO confirmed that it was not possible to take away a final salary pension scheme away from a local authority member that was already in receipt of it. Also, if you closed the final salary pension scheme down altogether, staff from local authorities would not apply to join the CIV.
- Councillor Onslow felt that the principle of final salary pension schemes created liabilities for the CIV. Lord Kerslake said that there were choices regarding this matter, although they were not straightforward (eg it would be problematic to retain existing final pension salaries whilst denying them for new entrants).
- The Chair reminded the PSJC that the CIV would not be able to participate in pension funds until the pension guarantee was signed off by all shareholders. Professional advice had been sought from PwC, Deloitte and Eversheds, and this advice would be shared with stakeholders.

#### 4.4. The Committee:

- Noted and approved the Annual Budget for 2018 and the MTFs for the period 2018/2013;
- Agreed to the pension guarantee in favour of the City of London Pension Fund. Borough treasurers were required to sign the guarantee and legal advice would be sent out with the pension guarantee form. The current exercise to formalise the pension arrangements did not represent a change to the agreed pension position in 2015; and
- Agreed the recharging agreement which would allow the LCIV to reduce the Development Funding Charge (DFC) in line with the MTFs and prevent capital adequacy fluctuations. The new recharging agreement was needed by the end of May 2018. This would have no cost implications to the boroughs

## **5. Fund Launch Status Report**

5.1. Larissa Benbow (Head of Fixed Income, LCIV) introduced the report, which gave an update on the sub-fund openings. The following comments were made:

- Five new funds had been opened, pending the completion of legal and operational due diligence. RBC was operationally ready to open on 21 September.
- LCIV would require written soft commitments to the funds before the FCA could be asked to complete the launch of these funds.
- Significant Fee savings had been achieved.
- FCA had approved application for LCIV to manage Unauthorised Alternative Investment Funds. LCIV could now launch illiquid asset funds such as investments like Private Debt.

5.2. Councillor Simon asked how much “soft” commitments would be needed. Larissa Benbow said that this would be approximately £100 million. She said that the larger the funds the greater the fee savings.

5.3. The Committee:

- Noted the report and noted that written soft commitments to the funds would be required before the funds could be launched.

## **6. Fund Performance Report**

6.1. Robert Hall (Head of Equity, London CIV) introduced the report that updated the PSJC on the performance of the funds.

6.2. Members asked for an update on the Newton Real Return Funds and the Newton Global Equity Fund, which were both formally placed on “Watch”. Robert Hall said that if a key member of staff stepped aside, the fund would be placed on Watch and monitored for a period of six months.

6.3. Robert Hall explained that Newton Global was placed on Watch because an FCA investigation found irregularities over its UK Equity Fund practices around small and mid-cap stocks.

6.4. The CEO said that this was a useful example of inefficiencies in the CIV – there was uncertainty over what would happen if a manager left a fund and clarity was needed on these issues and who would be responsible for taking decisions (eg a Governance problem).

6.5. Councillor Greening felt that this would be a good case for a pilot to take place (eg move Newton to another fund). Robert Hall said that there was £1billion in these funds. Larissa Benbow said that a change in manager was a genuine risk.

6.6. The Committee noted the report and the two funds that had been placed on “Watch”.

## **7. Client Engagement Report**

7.1. Kevin Cullen (Client Relations Director, LCIV) introduced the report and made the following comments:

- A number of productive meetings had taken place with boroughs and an Infrastructure workshop meeting would be attended shortly
- Passives with LGIM (£5.7 billion) and Blackrock (£2 billion)- pipeline of £7 billion by the end of March.
- 18 boroughs in LGIM and 5 in Blackrock pursuing passives.
- Focus on recruitment - Client Relations Director and additional Client Relations Executive.

**The meeting closed at 16:10pm**

## Notes

# Young People's Education and Skills Board

<b>Date</b>	22 February 2018	<b>Venue</b>	London Councils
<b>Meeting Chair</b>	Gail Tolley		
<b>Contact Officer</b>	Hannah Barker		
<b>Telephone</b>	020 7934 9524	<b>Email</b>	<a href="mailto:hannah.barker@londoncouncils.gov.uk">hannah.barker@londoncouncils.gov.uk</a>

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### Present

Gail Tolley	Association of London Directors of Children's Services
Tim Shields	Chief Executives London Committee
Michael Heanue	LEAP officer
Caroline Boswell	Greater London Authority (GLA) (for Joanne McCartney)
Mary Vine-Morris	Association of Colleges (AoC) London Region
Dr Caroline Allen OBE	AoC/NATSPEC
Yolande Burgess	London Councils
Denise Donovan	Department for Work and Pensions (for Derek Harvey)
Laraine Smith	AoC / Further education college representative

### Officers

Peter O'Brien	London Councils Young People's Education and Skills Team
Hannah Barker	London Councils Principal Policy & Project Officer, Children's Services

### Apologies

Cllr Peter John OBE	London Councils Executive member for Business, Skills and Brexit
Cllr David Simmonds	London Councils Shadow Executive member
Zeena Cala	Skills Funding Agency
Paul Wakeling	AoC / Sixth form colleges

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## 1 Welcome, Introductions and apologies

- 1.1 The Chair invited attendees to introduce themselves and noted the apologies for absence.
- 1.2 The Chair welcomed Laraine Smith, who has joined the Board as a further education college representative from the Association of Colleges.

## 2 Declarations of interest

- 2.1 There were no declarations of interest.

### **3 Minutes of previous meeting and actions arising**

- 3.1 Open actions from previous meetings were discussed and the following updates given:
  - 3.1.1 Yolande Burgess reported that discussions have already begun on the 2018 Higher Education Journey for Young Londoners, and the group will look at evaluating the impact of the maintenance grant in this version.
  - 3.1.2 Michael Heanue highlighted that the paper on Institutes of Technology in London is ready and will be circulated to the group imminently.
  - 3.1.3 Yolande Burgess said that the action regarding asks and offers for Dame Asha has been postponed due to the pace of recent changes, including the release of the government consultation on the implementation of T levels. This will be revisited once the government's position is clearer.
  - 3.1.4 Yolande Burgess picked up the action relating to a new foreword for London Ambitions under the London Ambitions update later in the meeting.

### **4 Annual Statement of Priorities**

- 4.1 Gail Tolley thanked Peter O'Brien for a thorough and helpful piece of work. She suggested that it would be useful to streamline the paper to reduce its length and thereby encourage as wide a readership base as possible.
- 4.2 Peter O'Brien briefly talked through the structure of the report and invited comments from the Board.
- 4.3 Tim Shields suggested that the schools funding challenge, the wider funding challenges, and the impact of Brexit on labour market challenges, could have more prominence in the report.
- 4.4 Michael Heanue clarified that the point on page 10 regarding the devolution of the education and skills budget should just read 'the devolution of the skills budget'.
- 4.5 Caroline Boswell said that it would be useful to separate out the strategic asks and major calls for change from the more technical points.
- 4.6 It was agreed by the Board that the report should consist of a main section, with the priorities and aspirations clearly stated, and then appendices to provide more information on specific areas and include the graphs and diagrams for those with greater interest in the detail.
- 4.7 The Board was asked to submit any further comments by 8 March.

### **5 Action: Peter O'Brien to incorporate Board's suggestions regarding the Annual Statement of Priorities into the final version, including referencing the City for All Young Londoners Transforming children's and young people's mental health: a green paper**

- 5.1 Hannah Barker talked through the key points raised in the London Councils response to the mental health green paper.
- 5.2 Gail Tolley suggested that London Councils should add a response to questions 14 and 15 in the consultation, regarding looked after children and children in need.
- 5.3 Caroline Allen highlighted that it is important that the mental health teams consist of appropriately qualified people, and that the reforms are implemented in a professional and appropriate manner. She also referenced concerns about CAMHS and its failure to respond to the current level of need and keep up to speed regarding training and

professional codes. She suggested the green paper was an opportunity to look again at this aspect of the system.

- 5.4 Tim Shields emphasised the importance of linking the response to funding challenges, especially in schools. He also referenced recruitment of Designated Leads for schools and talked about the need for a different approach in schools and colleges of different sizes. He asked about the link with virtual schools and how the proposals would help looked after children.
- 5.5 Caroline Boswell said that the green paper had also been discussed at the London Health Board, which has commissioned a questionnaire for schools on this. This will be shared with the boroughs soon. Caroline suggested that the Mayor's response might reference London Councils response.
- 5.6 Yolande Burgess spoke about the importance of distinguishing between mental health issues and wellbeing issues.
- 5.7 Mary Vine-Morris suggested that more reference could be made in the response to colleges. She agreed with the point about the lack of ambition in the proposals and the urgency of the issue.
- 5.8 Tim Shield also made a point about the need to consider transitions between school phases, which are often a difficult time for children and young people.

**Action: Hannah Barker to incorporate Board's suggestions regarding London Councils mental health green paper response into the final version**

## **6 Work plan monitoring**

### **Raising the Participation Age:**

- 6.1 Peter O'Brien talked to the latest report on NEET and Not Known figures, circulated with the papers for the Board. Neither the annual combined NEET and Not Known report nor the quarterly NEET report had been published since the last meeting, but Peter did not suspect that there would be major changes in London's overall position.
- 6.2 Gail Tolley highlighted that for many local authorities tracking young people might be an area looked at for cutbacks in the next budget reviewing process.

### **Policy update**

- 6.3 Hannah Barker talked to the policy update paper , summarising relevant policy developments since the last meeting.

### **A City for All Young Londoners**

- 6.4 Caroline Boswell said that the Mayor's vision for education would be published before purdah and would be out for consultation. Its key strands would be: best start; opportunities for all; and the voice of the young person.
- 6.5 Caroline also highlighted the new Young Londoners fund announced by the Mayor the previous week, with a focus on reducing knife crime.
- 6.6 Mary Vine-Morris suggested that it would be helpful for the Mayor's vision to reference the Young People's Education and Skills Board's Annual Statement of Priorities.

**Action: Caroline Boswell to ensure that the City for All Young Londoners references the Young People's Education and Skills Board Annual Statement of Priorities**

### **ESF update:**

- 6.7 Peter O'Brien highlighted that London Councils has not been provided with any meaningful performance data showing the impact that the London ESF Youth Programme is having in each borough.
- 6.8 Peter said that, while actions to prevent NEET and to re-engage young people who are NEET through outreach have been working well, the later strands of the programme are not working so well. The careers clusters that the GLA are managing are also performing well.
- 6.9 Peter also talked through the support that had been provided by the Young People's Education and Skills team, including holding forums with providers and local authorities to look at what is working well and what could be improved.
- 6.10 Mary Vine-Morris said that the provision that is coming to an end will be a big issue, and Gail Tolley suggested having a longer discussion item about this at the next meeting.

**Action: Item on performance and the future of the ESF Youth Programme to be put on the agenda for the next Board meeting**

### **London Ambitions:**

- 6.11 Yolande Burgess reported that the All Age Careers Task and Finish Group had a first meeting in the diary (16 March). This will look at how to build on the work that has been done around careers for young people to develop the all age strategy. This would be a good hook for a refresh of London Ambitions.
- 6.12 Yolande also mentioned an event being held on 9 March to showcase the work of the London Ambitions careers clusters.

**Action: Information about Careers Clusters event to be circulated to Board**

### **7 Any other business**

- 7.1 Gail Tolley thanked Caroline Boswell on behalf of the Board for the insightful contributions she has made to discussions and the items she has brought to meetings during her time as a member of the Board. Caroline is now moving on from her role at the GLA, and Gail wished her all the best for the future on behalf of the Board.

# Leaders' Committee

## Report from the TEC Executive Sub Committee – 8 February 2018

Item no:

**Report by:** Alan Edwards      **Job title:** Governance Manager  
**Date:** 20 March 2018  
**Contact Officer:** Alan Edwards  
**Telephone:** 020 7934 9911      **Email:** Alan.e@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the London Councils' TEC Executive Sub Committee held on 8 February 2018.

**Recommendations:** For information.

**1. Attendance:** Cllr Julian Bell (LB Ealing – Chair), Cllr Lynda Rice (LB Barking & Dagenham), Cllr Stuart King (LB Croydon), Cllr Daniel Anderson (LB Enfield), Cllr Feryal Demirci (LB Hackney), Cllr Claudia Webbe (LB Islington), Cllr Nick Greenwood (RB Kingston – Deputy), Cllr Jill Whitehead (LB Sutton) and Cllr Caroline Usher (LB Wandsworth).

**2. Apologies for Absence**

Apologies for absence had been received from Councillor Phil Doyle (RB Kingston) and Councillor Peter Buckwell (LB Richmond).

**3. Transport & Mobility Performance Information**

The TEC Executive Sub Committee received and noted a paper that provided members with details of the London Councils' Transport and Mobility Services performance information for Quarters 2 and 3 in 2017/18.

**4. Draft Consultation Responses to Phase 3b of the Mayor's Air Quality Consultation**

The TEC Executive Sub Committee considered a report that gave members details of the two proposals that the Mayor of London was currently consulting on, namely: (1) extending the Ultra Low Emission Zone (ULEZ) for central London up to the North and South Circular Roads for light vehicles from 25 October 2021, and (2) introducing a Euro VI requirement (matching the current ULEZ standard) London-wide for heavy vehicles from 26 October 2020, through changes to the current London-wide LEZ.

Katharina Winbeck, Head of Transport, Environment and Infrastructure, London Councils, introduced the report. She said that there were two separate proposals, as outlined in the report. An additional member event had been organised by London Councils on 22 February 2018, to discuss this draft consultation. Katharina Winbeck said that there was currently no complete consensus among the boroughs at the moment. She said that some boroughs were concerned about air quality outside of the Ultra Low Emission Zone (ULEZ). Data provided by TfL regarding this was insufficient.

The TEC Executive Sub Committee **(i)** noted and commented on the report; **(ii)** noted that London Councils had organised an additional member event to discuss this draft consultation response for 22 February 2018, where all TEC members had been invited; **(iii)** agreed to bring a table to the ULEZ engagement event for TEC on 22 February 2018, to show where the boroughs currently stood with regards to extending the ULEZ. The table would not be published; **(iv)** agreed that assurances would be

needed from TfL to ensure that polluting bus fleets would not be transferred from inner London to outer London; **(v)** noted that an indication of what the timetable for a London-wide ULEZ would be, and what this would entail was required; **(vi)** noted that more modelling was needed on the potential effects of extending the ULEZ up to the north and South Circulars, especially with regards to specific local issues in outer London boroughs near the boundary; and **(vii)** agreed that the TEC Chair and vice chairs would sign off the final response, taking comments made on 22 February 2018 into account, before submitting it by 28 February 2018.

#### **5. Month 9 TEC Revenue Forecast 2017/18**

The TEC Executive Sub Committee received a report that outlined actual income and expenditure against the approved budget to the end of December 2017 for TEC, and provided a forecast of the outturn position for 2017/18. At this stage, a surplus of £1.059 million was forecast over the budget figure, compared to £1.001 million at the half-year point. In addition, total expenditure in respect of Taxicard trips taken was forecasted to underspend by a net figure of £891,000, if current trip volumes continued for the remainder of the year.

The TEC Executive Sub Committee **(i)** noted the projected surplus of £1.059 million for the year, plus the forecasted net underspend of £891,000 for overall Taxicard trips, as detailed in the report; **(ii)** noted the projected level of Committee reserves, as detailed in paragraph 5 of the report and the commentary on the financial position of the Committee included in paragraphs 6-9; **(iii)** agreed that funds in the specific projects reserve would be ear-marked to spent on the Go Ultra Low City Scheme (GULCS); and **(iv)** noted that an update on the work on reviewing how the GULCS was centrally managed would be presented to TEC on 22 March 2018.

#### **6. Minutes of the TEC Main Meeting held on 7 December 2017 (for noting)**

The TEC Executive Sub Committee noted the minutes of the TEC Main meeting held on 7 December 2017.

#### **7. Minutes of the TEC Executive Sub Committee held on 16 November 2017 (for agreeing)**

The minutes of the TEC Executive Sub Committee held on 16 November 2017 were agreed

#### **8. Any Other Business**

The Chair informed Committee that an agreement had now been secured with TfL to ensure that Taxicard funding for 2018/19 would not be reduced. He said that TfL had also made a commitment that further efficiencies would be made in the TfL budget to mitigate the cuts to borough LIP funding. The final TfL budget would be released next week. The Chair said that he would be writing a letter to Val Shawcross today to keep pressing the LIP funding case on behalf of the boroughs.

Councillor Anderson asked what boroughs had already had a meeting with Val Shawcross regarding LIP funding. Katharina Winbeck said that she had a list of the boroughs that had already received a visit from Val Shawcross. She confirmed that she would be writing to all the boroughs that had not yet had a meeting with Val Shawcross to discuss LIP funding.

The meeting finished at 10:43 am.

## **Minutes of the Meeting of the Executive**

**Tuesday 27 February 2018 9:30 am**

**Cllr Claire Kober OBE was in the chair**

### **Present**

<b>Member</b>	<b>Position</b>
Cllr Claire Kober OBE	
Ms Catherine McGuinness	Vice chair
Cllr Ray Puddifoot MBE	
Cllr Julian Bell	
Mayor Sir Steve Bullock	
Cllr Kevin Davis	
Cllr Clyde Loakes	Substituting for Cllr Lib Peck
Cllr Ravi Govindia CBE	Substituting for Cllr Teresa O'Neill OBE

London Councils officers and Mr Theo Blackwell, the Mayor of London's Chief Digital Officer were in attendance.

### **1. Apologies for absence and announcement of deputies**

Apologies were received from, Cllr Peter John OBE, Cllr Teresa O'Neill OBE, Cllr Ruth Dombey OBE, Cllr Lib Peck and Cllr Darren Rodwell. The deputies listed above were announced.

### **2. Declaration of interest**

Ms Catherine McGuinness declared a pecuniary interest in the exempt item E1 *Southwark Street Site – Review of Lease* and announced her intention to leave the meeting when that item was reached.

### **3. Minutes of the Executive Meeting held on 16 January 2018**

The minutes of the Executive meeting held on 16 January 2018 were agreed.

The Chair pointed out that although this would be the last formal meeting of the Executive before the council elections in May, an informal session was being hosted by the City on 27 March and urged members to inform the City if they would be attending if they had not already done so.

#### **4. Better outcomes for citizens: a London Office for Technology and Innovation**

The Director of Finance, Performance & Procurement introduced the item saying that London Councils had been working with the GLA and twenty or more boroughs on a new London Office for Technology Innovation (LOTI) and this report provided an update prior to a finalised proposal being brought to Leaders' Committee in June. He then asked Mr Theo Blackwell, the Mayor of London's Chief Digital Officer to address the Executive.

Mr Theo Blackwell:

- The London Office of Technology and Innovation (LOTI) was set up to promote greater collaboration in the development of digital standards, infrastructure and solutions amongst London's public services
- The GLA and London Councils jointly commissioned a scoping study by Arup, Futuregov and Stance
- Making London the 'smartest' city in the world was an ambition of the Mayor
- A model may be Scotland's digital office that already had 30 of 32 local authorities involved
- GDPR and Cybersecurity were issues better tackled together than individually
- Leadership and capability was important in digital matters, not just at a senior level but amongst middle managers and service directorates
- Work was being done with the Government Digital Service
- The scoping exercise was based on four main areas of work
  - The first area was operational: developing potential ways of working including structure, steering group, and MOU outlining roles, responsibilities and expected investment (funding and in-kind, e.g. officer time) between London

Councils, individual boroughs and the GLA and to agree a future work programme leading to a further offer

- The second area of work was adoption and promotion of Pipeline, a product developed by the LocalGovDigital Makers community and currently in Beta where users can cite and comment on products they are using (e.g. prototype Using Amazon Alexa skill for waste collection and recycling). The LOTI proposal was to run this product for the benefit of practitioners nationwide
- The third area of work was to promote peer-to-peer networks, including taking on the running of the “Unconference” initiated by the GLA for this year, as well as monthly “teacamps”
- The fourth area of work was to assist the GLA Connectivity team with the adoption of standardised leases across London to improve connectivity.

Finally there was a proposal for ongoing work to share best practice on GDPR compliance and cyber-security standards, liaising with London and national bodies in partnership with the CDO. The involvement of the Police, Ambulance Service, TfL and other London bodies would make the sum greater than the individual parts.

Cllr Ray Puddifoot agreed that the logic of the proposals could not be faulted but asked if a basic cost-benefit analysis could be done if boroughs were going to be expected to contribute funds. Mr Blackwell replied that this would feature as part of the more developed proposals that came through to members. The Scottish Digital Office was run for £350,000 but as important as cash was the offer of officer time required.

The Executive agreed to note:

- The report and that
- A fuller report and proposals would be presented to Leaders' Committee in June.

## **5. Fair Funding Review – update**

The Strategic Lead: Finance, Performance & Procurement introduced the report:

This was likely to be the first of a number of regular updates to Leaders' Committee and the Executive in the next 18 months, as the Review progressed.

The Government had now confirmed it would implement 75% business rate retention to the sector but from April 2020. The Review would set the funding baselines for the start of the new system.

The principles were broad and generally agreed across the sector that the new needs assessment should be: simpler, more transparent, contemporary, sustainable (as far as it was practicable to be able to predict future demand), robust and stable.

The Government's planned work programme fell into three categories:

- The assessment of relative need (on which it was currently consulting)
- How to account for relative resources that were raised locally
- How to transition to the new funding baselines.

The timeline set out that:

- Further technical papers on resources and transition would be published between now and the summer
- The structure of the needs and resources assessments would be finalised by spring 2019
- Detailed research into the costs drivers of Children's services and the updated Indices of Deprivation would be ready by the summer of 2019
- The provisional figures would be published in autumn 2019 in the provisional finance settlement (likely December).

As this won't leave much time between that time and implementation in April 2020 it was highly likely that any large changes would be heavily damped in first year

The report set out the main themes from the detailed technical consultation on relative need – which proposed an overarching simplified foundation formula with the main drivers of need being: population, deprivation, rurality, adjusted for area costs.

This would be supplemented by service-specific formulae for the most complex service areas – adults, children's, waste, transport, fire & rescue.

The report went on to outline the broad priorities that would underpin London Councils' response focussing on the key drivers of costs in London:

- Deprivation – highlighting concerns about using income measures which may fail to reflect housing costs in London
- Area Cost Adjustment – important to reflect London's unique property and labour markets and
- The need to reflect population growth through population projections - with the caveat that projections should be robust and accurate.

The response would also set out further concerns regarding the evidence base for rurality as a main cost driver, and the potential for it to be double or triple counted if also included within any deprivation measures or the Area Cost Adjustment (ACA). It would also call for other factors to be included that drove additional costs in urban areas related to population density - day time and night time population and congestion. Importantly it would call for housing/homelessness to have its own specific formula – perhaps the biggest omission from the consultation. And finally it would call for specific recognition of smaller but nonetheless significant areas of spend that have a disproportionate impact in London - such as the impact of No Recourse to Public Funds (NRPF) and Unaccompanied Asylum-Seeking Children (UASC).

Following the submission of the consultation response, the next steps were to continue to develop broader lobbying lines which would include further dialogue with Chief Executives and Treasurers in the Spring and would culminate in a report to Leaders' Committee in June, before aiming to agree a concerted London position with the Mayor in July.

The Chair pointed out that:

- The issue should be placed in the wider context of the difficulties that Northamptonshire County Council had faced as well as Surrey and other counties
- Lobbying was going to be important in the context of various positions and models being advanced from within the sector some of which were rather partial in terms of their coverage of the issues
- An approach needed to be developed that worked at a technical and tactical level, without London appearing to be self-serving.
- Cllr. Govindia agreed with this point and said it would be important to understand the source and nature of pressure that would be applied to ministers on this issue.

The Executive agreed to note:

- The progress of the Fair Funding Review
- The direction of travel of London Councils' response to the technical consultation on relative need and
- The planned future work programme.

## **6. Draft London Plan consultation**

The Corporate Director, Policy and Public Affairs introduced the item saying:

- The deadline for the submission of London Councils response was Friday 2 March so this meeting represented the last opportunity for members to advise on the final shape of the response.
- The draft response had been shared with relevant portfolio-holders and the vast majority of comments made had been included in the response
- The Examination in Public (EiP) in the Autumn would provide another opportunity to forward views.

Cllr Puddifoot argued that on issues such as Housing and Parking there should be a blunt response making clear that the approach to those issues was over-ambitious.

Building at twice the rate we currently do may be possible, but three times was over-ambitious.

Cllr Govindia expressed his reservations about the Draft Plan emphasis on housing numbers and their deliverability and argued for greater flexibility on space standards to help achieve the stated aim of housing Londoners.

The Chair agreed that with some boroughs the housing targets could look so ambitious as to appear unachievable while with other boroughs they were less of an issue. We needed to reflect the broader contexts however, of the need to build at a level not reached since the war and the need to avoid perceptions of reluctance on our part being seen as the boroughs being 'in denial' over the housing crisis. She went on to say that targets that focused on numbers may miss the question of the importance of housing type.

Mayor Sir Steve Bullock commented:

- It was widely accepted that we need to build 67,000 homes a year but have never reached half that figure
- The London that will develop over the next 10 or 20 years will be radically different to the London of today.

In response to a question from Cllr Govindia about permitted development rights for rapid charging points, Cllr Julian Bell confirmed that there had been a robust discussion with the Mayor at the Congress on the issue of the GLA seeking powers for TfL to circumvent existing planning laws in order to promote their installation. Regrettably, London Councils would object to any such amendment being advanced to the Automated and Electric Vehicle Bill currently going through Parliament. He pointed out that there was already a forum through which that aim could be secured – The Ultra-Low Emissions Steering Group.

The Executive agreed:

- To note the report and
- London Councils' consultation response to the Draft London Plan 2017

attached as an appendix to the report.

## **7. Month 9 Revenue Forecast 2017/18**

The Director of Corporate Resources introduced the report saying it:

- Summarised actual income and expenditure recorded in the accounts as at 31 December 2017 (Month 9)
- Provided a projected outturn figure for the year and highlighted any significant forecast variances against the approved budget
- A separate forecast was provided for each of London Councils three funding streams
- Also provided with an update on London Councils' reserves.

Cllr Puddifoot asked whether it was correct to not include accrued M9 income and expenditure in the actuals to date column in tables in the report? The Director of Corporate Resources concurred and, on reflection, agreed that they should be included in this and all future reports. He went on to give some account of the forecast underspend of £2.972 million projected for 2017/18, across the three funding streams – Leaders' Committee (expenditure on employment was being controlled by the policy on vacant posts), TEC (a surplus on Trading Standards) and Grants (the final ESF programme). Uncommitted reserves were currently projected to be just over £6.2 million by the end of the current financial year and Cllr Puddifoot commended it as a good report.

The Executive agreed to note the overall forecast surplus as at 31 December 2017 (Month 9) of £2.972 million and note the position on reserves as detailed in the report.

## **8. Debtors Update Report**

The Director of Corporate Resources also introduced this report saying it detailed the level of outstanding debt owed to London Councils from all sources as at 31 December 2017 as well as the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 July 2017. In response to questions from members of

the Executive, he reassured members that shortfalls on payments for parking services were normally accounted for by short-term issues in boroughs – for example, changes in personnel rather than any serious attempt to avoid payment.

The Executive agreed to note:

- The level of outstanding debt of £27,906 (at the time of publishing the report) in relation to borough, TfL and GLA invoices raised up until 31 July 2017, a reduction on the outstanding figure of £3.237 million reported to the Executive at its meeting on 12 September 2017
- The level of outstanding debt of £1.383 million in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2017
- The level of outstanding debt of £36,793 in relation to other debtors invoices raised up until 31 December 2017 and
- The specific action being taken in respect of significant debtors, as detailed in the report.

The Chair moved the exclusion of the press and public since the next item was exempt from the Access to Information Regulations, Local Government Act 1972 Schedule 12(a) as amended, as it contained material covered by section 3 *Information relating to the financial or business affairs of any particular person (including the authority holding that information)*.

Ms Catherine McGuinness declared a pecuniary interest and left the meeting.

The meeting ended at 10:30am.

Action points

Item	Action	Progress
<p>4. <b>Better outcomes for citizens: a London Office for Technology and Innovation</b></p> <ul style="list-style-type: none"><li>• A fuller report and proposals to be presented to Leaders' Committee in June.</li></ul>	CG	This is on the 6 <sup>th</sup> June 2018 agenda
<p>7. <b>Month 9 Revenue Forecast 2017/18</b></p> <ul style="list-style-type: none"><li>• Include accrued M9 income and expenditure in the actuals to date column in tables in this and future reports</li></ul>	<b>Corporate Resources</b>	To be reflected in the forecast report to be reported to the Executive in September 2018 (M3 2018/19).