

Executive

13 November 2018: 9.45 am (or on the rise of a preceding meeting)

London Councils offices are wheelchair accessible

Location: Basinghall Suite, Guildhall, London, EC2P 2EJ

Contact Officer: Derek Gadd

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

Agenda item	Page
1 Declarations of Interest*	
2 Apologies for Absence:	
3 Minutes of Executive Meeting held on 19 June 2018	1
4 London Office of Technology & Innovation	7
5 Audited Accounts 2018/19	Bound separately
6 Month 6 Revenue Forecast 2018/19	27
7 Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20	37
8 Nominations to Outside Bodies	69

*** 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

Exempt Items

The Chair to move the removal of the press and public since the following items are exempt from the Access to Information Regulations, under 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).

Exempt Agenda

Page

E1	Exempt Minutes of Executive on 19 June 2018	1
E2	London Councils' finance lobbying strategy – update	7

Minutes of the Meeting of the Executive

Tuesday 19 June 2018 9:30 am

Cllr Peter John OBE was in the chair

Present

Member	Position
Cllr Peter John OBE	Chair
Cllr Lib Peck	Deputy Chair
Cllr Teresa O'Neill OBE	Vice chair
Cllr Ruth Dombey OBE	Vice chair
Ms Catherine McGuinness	Vice chair
Cllr Ray Puddifoot MBE	
Cllr Julian Bell	
Cllr Nickie Aiken	
Cllr Georgia Gould	
Cllr Clare Coghill	
Cllr Muhammed Butt	

London Councils officers and Cllr Ravi Govindia CBE 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 pecuniary interest in the exempt item E4 *Southwark Street Site – Review of Lease* as a member of the City of London Common Council and announced her intention to leave the meeting when that item was reached

Cllr Teresa O'Neill OBE declared a non-pecuniary interest in item 4 *Proposals for use of top sliced flexible homelessness support grant: Temporary Accommodation and homelessness prevention joint working* as hers is a potential pilot authority for the scheme.

3. Minutes of the Executive Meeting held on 27 February 2018

The minutes of the Executive meeting held on 27 February 2018 were agreed.

4. Proposals for use of top sliced flexible homelessness support grant: Temporary Accommodation and homelessness prevention joint working

The Corporate Director Policy and Public Affairs introduced the report saying:

- The report sought strategic guidance from the Executive on London Councils' work on developing a collaborative approach to tackling homelessness
- The number of households placed in temporary accommodation had risen dramatically in London over recent years
- The latest figures showed that 54,370 London households – including 87,320 children – were currently living in temporary accommodation
- To address this challenge, London Councils commissioned an options appraisal that reported last September. This looked at ways to improve how London local authorities procure homelessness accommodation and how to create better outcomes for homeless households. This study was jointly funded by the Ministry of Housing, Communities and Local Government (MHCLG) and the Greater London Authority (GLA)
- The proposal in the report was to strengthen pan-London cooperation by forming a not-for-profit company for procuring accommodation. This would better utilise the boroughs' collective market power, enabling them to procure more housing and to help control costs
- Leaders' Committee agreed last year that a full business plan should be brought forward for this proposal; this should be completed by July. The development of the business plan has been supported by a working group of twenty-four London boroughs
- MHCLG had allocated £39 million to support this programme over three years, which had been top-sliced from the national budget for Flexible Homelessness Support Grant (FHSG). There was the possibility of further funding being allocated following the Spending Review.

While the funding had been provided to support collaboration in London, if the project did not go ahead then it was very likely that the money would be redistributed nationally. Not proceeding with this programme would therefore result in homelessness funding being diverted away from London, and would make it more difficult for London Councils to lobby for extra homelessness funding in the future

By acting collaboratively, the London boroughs could better use their market position to deliver better outcomes for councils and households. It would build on the working of the Inter-Borough Accommodation Agreement to put downward pressure on the price paid for accommodation

Cllr Teresa O'Neill welcomed the idea of regulating and controlling homelessness provision through the approach being proposed which may go some way to tackling the problem of competition between boroughs for temporary accommodation. She asked if there was a good mix of inner and outer London boroughs amongst the participants and the Corporate Director Policy and Public Affairs said he would circulate a detailed response.

Cllr Ravi Govindia urged that steps were taken to ask non-participating boroughs not to act in a way that would disadvantage those that did.

In response to a question from Cllr Ruth Dombey OBE it was reported that a clear set of expectations on those considering initial participation should be available in July.

The Chair concluded by suggesting that a report back with the detailed business case should come back to members after the summer. The Executive agreed to take the proposals for joint working to draw down top sliced Flexible Homelessness Support Grant funding for London to the next stage.

5. London Councils – Consolidated Pre-Audited Financial Results 2017/18

The Director of Corporate Resources introduced the report saying:

- The report highlighted the pre-audited consolidated financial position for London Councils for the 2017/18 financial year
- The provisional consolidated revenue position was shown followed by a separate revenue summary for each of London Councils three funding streams, together with explanations for the significant variances from the approved revised budget
- The pre-audited consolidated balance sheet and the provisional level of London Councils reserves as at 31 March 2018 were also shown, together with overall conclusions and prospects for 2018/19 and beyond, after taking into account known commitments
- Key future initiatives such as the Freedom Pass reissue (at a cost of £600,000 on top of the £1m already set aside) and the section 48 ESF programme had been taken into account
- Balances of £7.5m uncommitted reserves were considered adequate by officers.

Cllr Ray Puddifoot commended the report as comprehensive but urged caution in the use of balances as he suggested there may be many unknowns.

In response to a question from Cllr Nickie Aiken, the Director of Corporate Resources confirmed that the overall level of balances was broadly similar to the previous year.

The Executive agreed:

- To note the provisional consolidated outturn surplus of £4.374 million for 2017/18 and the provisional outturn position for each of the three funding streams
- To note the carry forward of £130,000 into 2018/19 in respect of TEC system developments (£44,000) and the London Lorry Control scheme review (£86,000), subject to final approval by the TEC Executive on 19 July
- To note the provisional level of reserves of £14.256 million as at 31 March 2018 which reduced to £7.455 million once known commitments of £6.801 million were taken into account
- To note the updated financial position of London Councils as detailed in the report and
- To receive a further report in November 2018 after the completion of the external audit by KPMG LLP to adopt the final accounts for 2017/18. The final accounts would

be signed off at the meeting of the Audit Committee on 27 September 2018, at which KPMG would formally present the Annual Audit Report for approval.

The meeting ended at 9:50am.

Action points

Item	Action	Progress
4. Proposals for use of top sliced flexible homelessness support grant: Temporary Accommodation and homelessness prevention joint working <ul style="list-style-type: none">• Circulate a detailed response to the question about the inner/outer London mix• Take the proposals for joint working to draw down top sliced Flexible Homelessness Support Grant funding for London to the next stage.	PAPA Housing and Planning/CG	Response circulated on the mix of boroughs in the working group and likely to join. Proposals being taken forward.

Executive

London Office of Technology and Innovation

Item 4

Report by: Guy Ware **Job title:** Director, Local Government Performance and Finance

Date: 13 November 2018

Contact Officer: Guy Ware

Telephone: 0207 934 9675 **Email:** guy.ware@londoncouncils.gov.uk

Summary

This report outlines proposals for a London Office of Technology and Innovation (LOTI). The LOTI would build London's capacity to collaborate on digital and smart technology innovation and to scale up the application of successful innovation across London's public services.

The development of the proposal has been led by the GLA, with support from London Councils and a number of active London Local Authorities. It envisages a three-year commitment from London Councils and the GLA to a work programme led and facilitated by a team of three, which will be both based at and part of London Councils, at an estimated cost of around £440,000 p.a. funded by the GLA, London Councils and participating London Local Authorities.

Recommendations

Executive is asked to:

- Consider and comment on the proposals; and
- Note that, subject to Executive's views, formal support for London Councils managing and part-funding the LOTI for three years from 2019/20, subject to it achieving the active commitment and financial support of at least six London Local Authorities, will be sought via Urgency arrangements.

London Office of Technology and Innovation

Background

1. Last year the GLA and London Councils jointly commissioned a research and engagement exercise undertaken by FutureGov, Arup and Stance into the appetite for and progress of, London Local Authorities in developing strategic approaches to using digital technology to transform service delivery and citizen engagement, along with the technical, policy and commercial barriers to progress.
2. That work underpinned initial proposals for a “London Office of Technology and Innovation” (LOTI), which were discussed with Chief Executives London Committee in January and the London Councils Leaders’ Committee Executive in [February 2018](#). Since February, further work has been undertaken with London Local Authorities’ Chief Information/Technology Officers to refine the proposed purpose, work programme and operating model.
3. In the meantime, the GLA’s Chief Digital Officer (CDO) has led the development of the [Smarter London Together](#) roadmap, which sets out the Mayor of London’s ambition “to collaborate with the capital's boroughs and services, from TfL to the NHS... [and] to work more effectively with the tech community, our universities and other cities”. A LOTI could play an important role in creating the conditions for success.
4. Government has recently signalled renewed interest promoting the use of digital technology to drive improvements in council services and public engagement. At the LGA Conference in July, the Parliamentary Under-Secretary of State for Housing, Communities and Local Government, Rishi Sunak MP, formally announced the “Digital Declaration”, a delivery unit and a (limited) pot of funding to help support local government take up. More broadly, the Secretary of State for Health has also signalled a desire that the NHS Plan, which will underpin allocation of the additional £20 billion p.a. funding announced in July, be predicated on appropriate investment in digital technology.

The Proposition

5. It is proposed that London Councils, acting on behalf of all London Local Authorities acting jointly, operates the LOTI which would provide services to all of the London

Local Authorities and the GLA to build digital capability, some additional services to a core group of London Local Authorities and related services to the GLA.

6. The presentation attached at Appendix One summarises the purpose, work programme and potential benefits of a LOTI, along with the anticipated value to and ask of, the London Local Authorities, GLA and London Councils.
7. The core proposition is that our collective capacity to exploit the opportunities presented by data and digital technologies – including increased quality and efficiency of public services and greater citizen engagement - is constrained by a set of barriers to effective collaboration. The LOTI would therefore seek to enhance collaborative capacity by building:
 - Digital leadership skills
 - Collective knowledge
 - Sharing and re-using
 - Shared endeavour
 - Embedding standards
 - Data analytics coordination

(See Slide 5 in Appendix One for details.)

8. It is also envisaged that the LOTI would facilitate at least two exemplar projects each year tackling significant implementation issues of potential benefit to the whole of London, such as the development of a consistent wifi capacity across the entire public sector estate, thereby facilitating more flexible and collaborative working across public services.
9. The LOTI is conceived as a collaboration of willing and active participants: while some benefits would arise for all London Local Authorities, an initial core group of around eight to ten would actively contribute to the work programme, developing and sharing service standards and innovation.
10. LOTI would not seek to replicate or replace other existing initiatives and functions, although it could provide the opportunity for greater coordination and mutual support – for example, building on the GLA’s “London Office of Data Analytics” (LODA) pilot work on identifying unlicensed Houses in Multiple Occupation to support multi-borough to develop future data science projects.
11. A number of other public and philanthropic organisations with a strong track record in promoting digital innovation have expressed interest in - and potential financial

support for - the LOTI. These include TfL, Future Cities Catapult and Bloomberg Associates. Such support could help resource the set-up phase, help broaden the LOTI's eventual access to specialist expertise and expand its potential capacity to deliver. Any relationships with private/external parties will need to be considered carefully.

12. There is clearly some risk of overlap with the London Ventures innovation programme, particularly if the LOTI is successful in developing its “exemplar” projects. However, discussions have identified distinct but complementary roles: London Ventures seeks to identify solutions to key service challenges and to promote the take-up of effective innovation, but the success of the programme has been limited, at least in part, by the underlying barriers that the LOTI would seek to address.
13. The Director, Local Government Performance and Finance is responsible and accountable for the work of Capital Ambition and London Ventures, of which there is regular reporting to the Capital Ambition Board, (which is a sub-committee of London Councils' Leaders' Committee) and is alert to the potential risk of overlap between LOTI and London Ventures' activities, which the Director will actively manage.

The proposed operating model

14. The proposals are based on a number of international examples of city-wide or broader collaborative arrangements, including the Scottish Digital Office. The draft business plan envisages an initial three-year programme, with a review point after two years to determine the future strategy.
15. It is proposed that the LOTI will be both based at and be part of London Councils, at least during an incubation phase. If the initiative is successful and grows in response to demand it may become appropriate to establish a separate entity in the future. In the short term, operating within London Councils would enable relatively straightforward employment, management and governance arrangements as London Councils would directly recruit and employ the staff and deliver LOTI in accordance with its usual governance arrangements.
16. The office would comprise three fte employees – a Director, Programme Manager and Community Manager – at proposed salaries of approximately £75k, £50k and £45k respectively. Based on equivalent London Councils salary scales, employee oncosts and recharges, the estimated employee costs would be £277k p.a. Additional

resources for specialist expertise, marketing, administration and programme evaluation would increase the overall budget requirement to £440,000 p.a.

17. LOTI could help the London Local Authorities lead, promote, learn from and replicate digital innovation across the capital. Hosting and managing the office could help build London Councils' role in brokering collaborative arrangements with the London Local Authorities and the GLA, promoting wider governance ambitions for London whilst mitigating the risk that the LOTI becomes an exclusive club of willing members - by, for example, ensuring that participating London Local Authorities commit to working with other authorities in their sub-regions. London Councils would work with the GLA and others to develop appropriate branding and identity for the LOTI. Legal advice will need to be sought around the ownership of the intellectual property rights which will need to be discussed and agreed with the GLA.

Governance

18. If the LOTI were part of London Councils, formal employment, decision-making and service delivery would operate within London Councils normal governance arrangements. However, given the collaborative nature of the initiative, it would be appropriate for work priorities to be informed by an advisory panel reflecting the interests of the GLA/CDO, London Councils, participating London Local Authorities and partner agencies. The advisory panels' comments would be taken forward by London Councils' officers acting under their delegated authority or otherwise referred to London Councils' Leaders' Committee (or one of its sub-committees) as appropriate.
19. LOTI is not initially proposed to be a separate legal entity. London Councils would therefore be responsible for entering into contracts and other legal documents in relation to LOTI and for bearing the associated commitments and risks.
20. Further work, including delegations and legal documents, will be required to confirm and implement the proposed arrangements and any future options for a more independent body.

Funding

21. The proposals assume joint funding, with the GLA and London Councils each contributing £100,000 p.a. and a cohort of eight London Local Authorities each contributing £30,000 p.a. Discussions currently underway indicate that additional funding may be available from interested partner organisations; however it is

recommended that viability is assessed on the basis of core London Local Authority membership, with any additional funding from other organisations (or additional London Local Authorities) used to enhance the delivery capacity. In the short term, however, philanthropic funding has been identified which could cover the preparatory costs of setting up the LOTI and securing a funding agreement.

22. Following a review of the procurement support function, London Councils recently withdrew support for the London-wide contract register and spend analysis tool, which was not providing value for money. As a result, the London Councils contribution to the LOTI could potentially be met from within existing PAPA budgets. Doing so, of course, reduces the opportunity for savings, or for the resources to be allocated to alternative priorities.
23. Although the CDO is confident of the willingness of a core group of London Local Authorities to support the LOTI financially, there is clearly a risk that fewer than eight London Local Authorities are prepared to do so. However, a significant proportion of the proposed funding requirement is for marketing and hiring specialists, and is therefore flexible. Whilst these costs could not be entirely eliminated without undermining the effectiveness of the LOTI, there would clearly be some scope to limit spend to match the resources available. There is also scope to minimise costs by seeking secondments from London Local Authorities, industry and academic institutions. However, it is suggested that if fewer than six London Local Authorities were actively to commit to support, the LOTI would be neither credible nor financially viable, and should not proceed.

Next steps

24. Work is currently underway to finalise and build support for the proposals among London Local Authorities and other potential partners. The GLA has confirmed its commitment to funding the LOTI, with the caveat that were there to be a change in Mayoral administration, the GLA may elect to give notice to cease GLA LOTI funding. This could occur during the proposed lifetime of the initiative, and Members should be aware of this possibility. Subject to Executive's and Leaders' Committee's endorsement, a period of recruitment and mobilisation would be required, with a view to a potential launch of the LOTI by the end of March 2019.
25. This is a challenging timetable. Given the need to seek financial commitment from potential LOTI member boroughs – which is itself dependent on in-principle commitment by London Councils and the GLA – and the time required to formalise

agreements and recruit staff, it is proposed, subject to Executive's views, to seek formal approval to proceed via Urgency arrangements.

Recommendations

25. Executive is asked to:

- a. Consider and comment on the proposals; and
- b. Note that, subject to Executive's views, formal support for London Councils managing and part-funding the LOTI for three years from 2019/20, subject to it achieving the active commitment and financial support of at least six London Local Authorities, will be sought via Urgency arrangements.

Financial Implications for London Councils

As discussed in paragraph 21 the financial commitment by London Councils is £100,000 per annum over a three year period. The funding has been identified from within existing budgets.

Legal Implications for London Councils

These have been incorporated into the body of the report.

Equalities Implications for London Councils

There are no equalities implications arising from this report.

Appendix: Appendix One – Presentation: LOTI Concept Summary

Background papers: Report to the Executive 27 February 2018; LOTI Business Plan

A LONDON OFFICE OF TECHNOLOGY & INNOVATION – CONCEPT SUMMARY

DRAFT FOR DISCUSSION ONLY

October 2018

MAYOR OF LONDON

**LONDON
COUNCILS**

THE PROBLEM: MAJOR BARRIERS TO DIGITAL COLLABORATION

- A Inconsistent digital leadership and capability:** Digital understanding and leadership varies greatly across boroughs. Many public services struggle to recruit and retain staff with the skills needed (e.g. in service design).
- B Limited collaboration infrastructure:** The culture around digital collaboration is limited, and existing models can be problematic. Joint initiatives are ad-hoc and highly dependent on drive of individual officers. Significant legwork is needed to identify and engage the right stakeholders each time. Effort is often duplicated.
- C Limited shared evidence base:** Knowledge about digital best practice in London local government is limited; learnings about successful or failed projects conveyed largely through personal/prof. networks. Benchmarking (e.g. on procurement spend, cybersecurity) is ad-hoc.
- D Inconsistent foundations:** Public services use, manage and share data in different ways. This can hamper innovation and limits sharing & reusing of digital products.
- E Fragmentation:** London's fragmented public services present a confusing picture for potential partners. The NHS, Universities, GovTech, Tech for Good and general tech sector struggle to engage effectively with boroughs and public services. Partnerships are ad-hoc and benefits are unevenly distributed.

THE OPPORTUNITY: BETTER SERVICES FOR LONDONERS THROUGH DIGITAL

Our ambition is for London to be a city where:

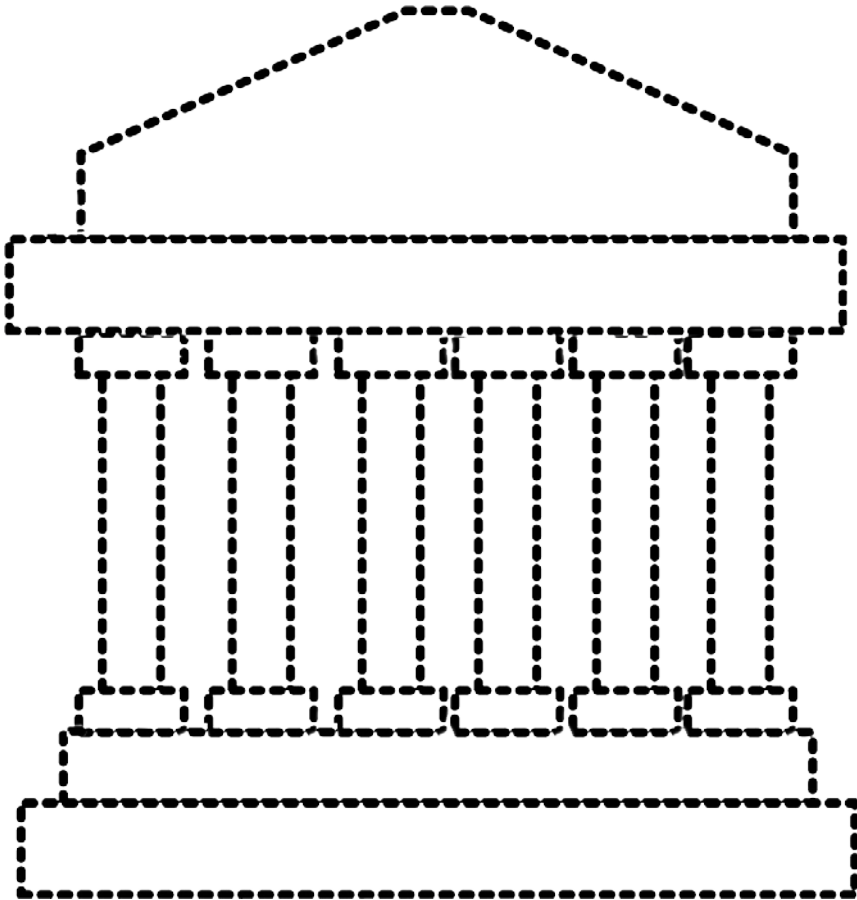
- The **cultural** and **technological conditions** are in place for the **next generation of local public services**
- **Digital technology is an enabler** rather than a barrier to **service improvements**
- **Services are easy** for citizens and officials to use – especially in priority areas **such as housing, public safety and social care**

We want to do this by establishing support for:

- **Developing common building blocks** to enable local authorities to build services more quickly, flexibly and effectively (recognising one size does not fit all)
- **Building a more open and flexible market** to unlock London's full potential for public service innovation
- **Living the 5 'Local Digital Declaration' principles** (see appendix)

1. Adapted from the Local Digital Declaration (July 2018)

THE PROPOSAL: ESTABLISH A NEW LONDON OFFICE OF TECHNOLOGY & INNOVATION ('LOTI')

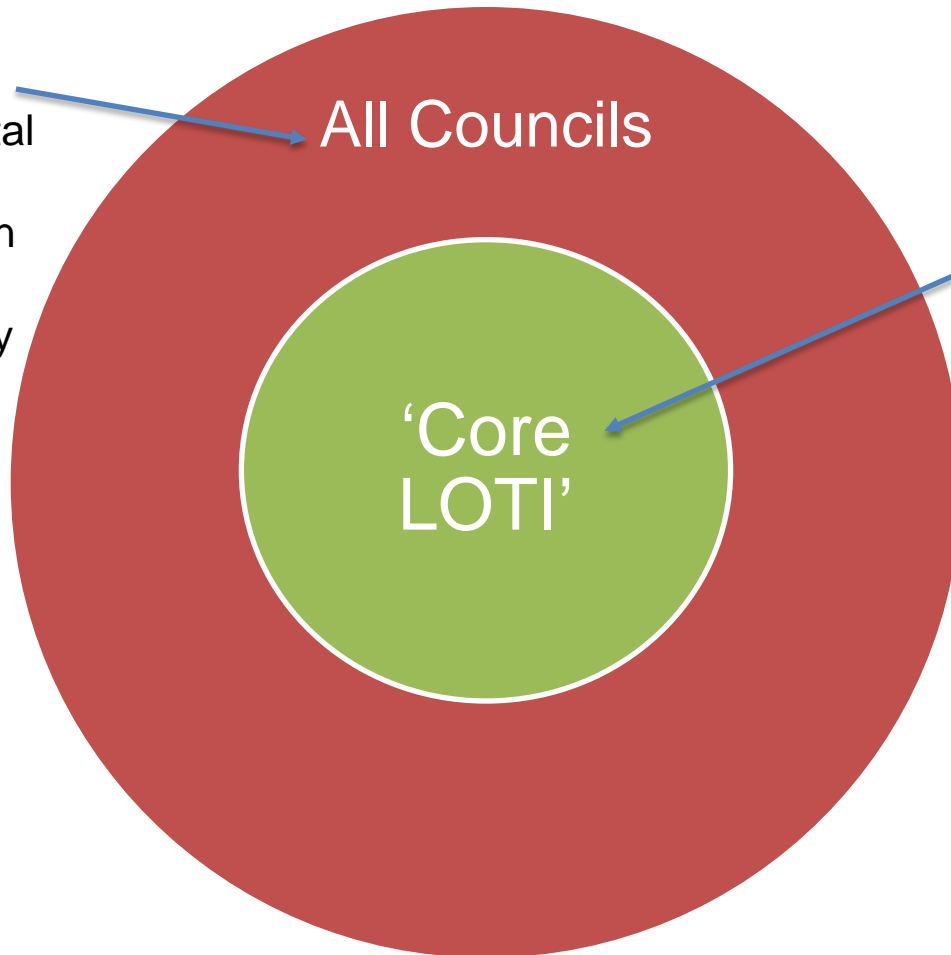


LOTI is a new city-wide function which will build common capability & opportunity to collaborate and scale digital & smart technology across London's public services

HOW IT WORKS

OFFER TO ALL COUNCILS & CORE LOTI GROUP

All London councils supported to build digital capability through (voluntary) participation in/access to 6 workstreams funded by London Councils and GLA.



All Councils

'Core
LOTI'

Core group of councils to work together on agreed exemplar projects, and take the lead on core workstreams (must sign MHCLG Local Digital Declaration, LOTI MOU, & extra £ contribution).

ALL COUNCILS

LOTI WILL BUILD CAPACITY THROUGH WORKSTREAMS

Workstreams (ongoing)	Problems addressed
1 Digital leadership skills: upskilling senior and middle managers equipping political leaders	<ul style="list-style-type: none"> • Capability needs to seize digital opportunities • Digital skills provision uncoordinated and uneven • Boroughs struggle to recruit skilled digital, data and tech specialists
2 Collective knowledge: Documenting impact and sharing best practice, and supporting market-shaping	<ul style="list-style-type: none"> • Baseline for digital transformation is limited • Making the case for investment in digital can be challenging • Information asymmetry between tech vendors and boroughs
3 Sharing & reusing: better peer-to-peer digital networking and platform for sharing via GitHub, Slack	<ul style="list-style-type: none"> • Scaling digital innovations, approaches often too inflexible or ad-hoc • No pan-London repository for digital, data & tech stakeholders and projects; challenging to build coalitions for joint bids quickly
4 Shared endeavour: better collaboration w/ GovTech, Tech For Good, universities	<ul style="list-style-type: none"> • Boroughs have little capacity for experimentation on common challenges • Not fully taking advantage of unis, civic tech, GovTech • GovTech struggles to engage effectively w/ boroughs
5 Embedding standards: Local Gov. Digital Service Standard, Digital Marketplace, G-Cloud	<ul style="list-style-type: none"> • Cultural change required for digital transformation • Standards to support this exists, but limited support is available to help boroughs to embed them fully (e.g. in procurement teams)
6 Data analytics coordination: Project management for collaborative data analytics initiatives	<ul style="list-style-type: none"> • LODA¹ lacks proper project management support and coordination • Councils' data science capabilities are limited

COMPELLING VALUE PROP FOR 'CORE LOTI' MEMBERS


LOTI core member boroughs

Direct Benefits

- ✓ Be a core part of London's new digital leadership and expert peer-network
- ✓ Propose and help prioritise LOTI's projects (see below)
- ✓ Collective bids to government and agencies (LOTI able to identify funding opportunities, draft bids and manage relationships with funders)
- ✓ Develop strategic partnerships with London's top universities, Catapults
- ✓ Share the risk and cost of digital experimentation and technology pilots
- ✓ Access to cutting-edge technology partnerships with London's top university departments (e.g. on machine learning, connectivity, smart sensors)
- ✓ GovTech, Tech for Good and accelerators (e.g. Digital Health.London, London Office for Rapid Cyber Advancement)
- ✓ Shape London's approach to new technology and service standards
- ✓ In-kind support from the GLA, London Councils (e.g. on data analytics, ventures)
- ✓ Advice on recruitment to digital posts and building in-house teams

CORE LOTI PROJECTS

AT LEAST TWO EXEMPLAR PROJECTS PER YEAR

Project examples <i>Projects are discrete pieces of work focused on implementation (vs. capacity-building)</i>	Business case	Cashable
Pan London Planning Data Initiative: improve the quantity, quality and transparency of planning data; building on boroughs' work to develop open data standards for planning applications	Est. >£50k saving from elimination of manual inputting	
Explore public service wi-fi: improve the consistency of wi-fi access across the public estate (e.g. adoption of GovRoam)	Productivity gains from flexible working	
Digital apprenticeship programme: collective spend on apprenticeship levy to boost entry-level skills (e.g. Hackney digital apprenticeships)	Maximise benefit of existing levy spend/meet council employment objectives	
Open standards platform: create an open standards platform to be shared across boroughs, e.g. on specifications, module descriptions, APIs	Reduce reliance on external IT	
Connected transport/ smart streets initiatives: multi-borough/university collaborations with e.g. experimental street sensors, connectivity or mobility projects	Collective bids to government or external agencies	Developmental

LOTI CAN ENABLE SIGNIFICANT BENEFITS

For the public

- Improved public services
- Increased citizen participation in service design

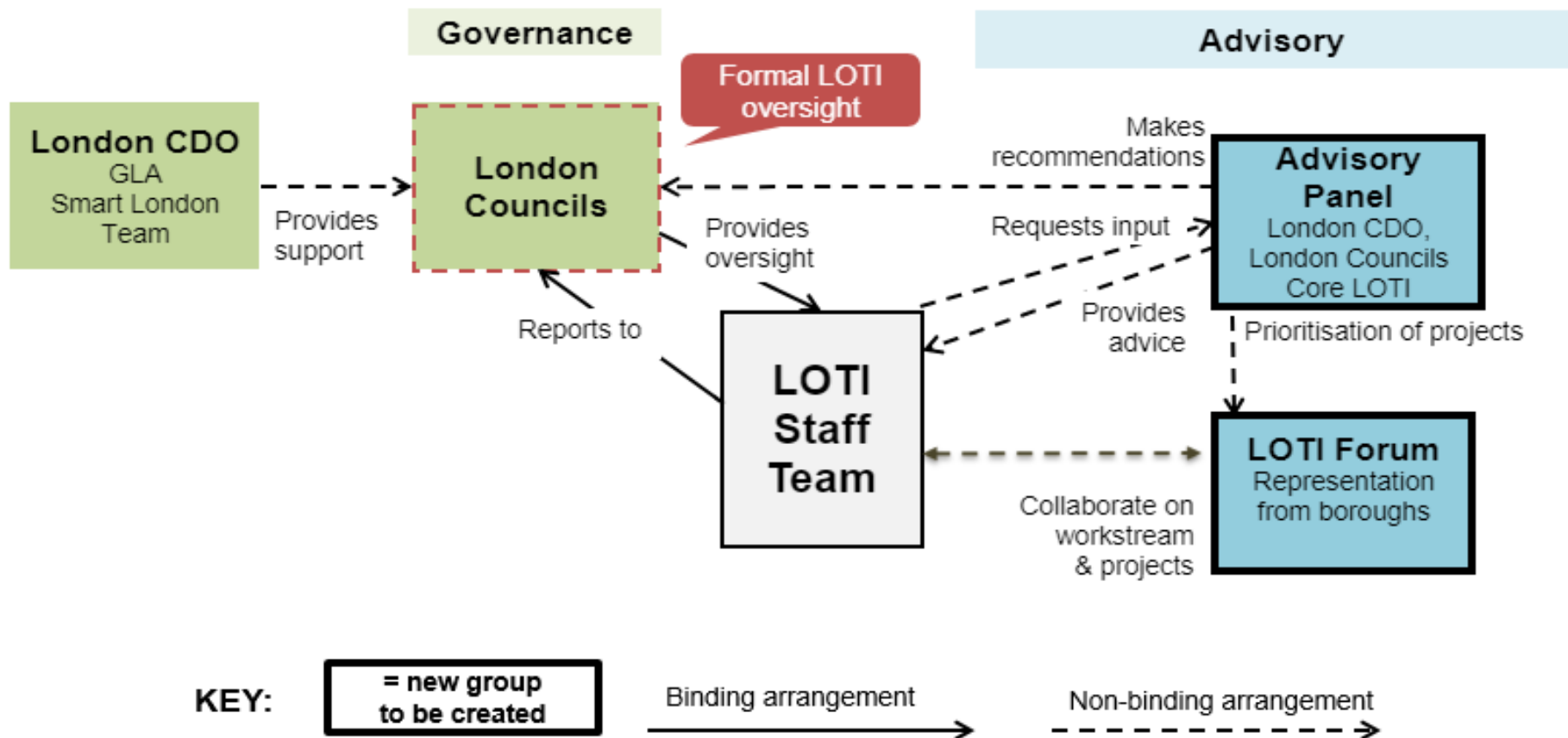
For boroughs and other delivery organisations

- Workforce with enhanced digital skills
- Increased productivity of staff
- Reduced costs (incl. economies of scale)

For the wider ecosystem

- Wide dissemination of best practice
- Research more focused on user needs
- Shift smart city market place to become more city needs-led than supplier-led

DRAFT LOTI GOVERNANCE & ADVISORY STRUCTURE



NEXT STEPS: INVITATION TO ALL BOROUGHES TO BE FOUNDING MEMBERS OF CORE LOTI

Expect an invitation to become a founding member of Core LOTI later this year.

Core boroughs will be required to:

- Sign up to the [MHCLG Local Digital Declaration](#)
- Contribute £30k/year for 3 years (likely from April 2019)
- Commit to collaboration and information sharing
- Contribute officer time for LOTI projects
- Have the Chief Exec Office's support to unblock any issues

Executive

Audited Accounts 2017/18

Item no: 5

Report by: David Sanni **Job title:** Chief Accountant
Date: 13 November 2018
Contact Officer: David Sanni
Telephone: 020 7934 9704 **Email:** david.sanni@londoncouncils.gov.uk

Summary This report presents the audited statement of accounts for 2017/18 for adoption and compares the results to the pre-audited position reported to the Executive at their meeting held on 19 June 2018.

Recommendations The Executive is asked:

- to note the changes between the pre-audited and audited financial outturn for 2017/18 for each of London Councils' three committees; and
- to formally adopt each of the three statutory accounts attached at Appendices A to C.

Introduction

1. At its meeting on 19 June 2018, the Executive was informed of the provisional pre-audited consolidated financial outturn of London Councils for the year ended 31 March 2018. The external auditors, KPMG, completed their work on the financial accounts and have issued unqualified opinions on all three accounts. This report summarises the differences identified between the pre audited and audited figures and provides members with a brief explanation of the changes. London Councils' Audit Committee approved the audited accounts at its meeting on 18 September 2018.

Audited Accounts

2. The audited accounts are included at appendices A to C of this report. Table 1 below compares the pre-audited and audited net surplus for the year (including the transfer to/from reserves) for each of the three accounts.

Table 1 – Comparison of the Comprehensive Income and Expenditure Statement pre-audited and audited Net Surplus for 2017/18

Accounts	Pre-Audited (£000)	Audited (£000)	Difference (£000)
Joint Committee	(1,777)	(1,432)	345
Grants Committee	(656)	(656)	-
TEC	(1,941)	(1,574)	367
Total	(4,374)	(3,662)	712

3. The reason for the movements are as follows:
 - Joint Committee – the decrease in the pre-audited surplus is attributable to a provision of £344,000 for the potential shortfall in funding in relation to the borough ESF funded programme services. Measures were introduced in 2017/18 to mitigate the extent of potential losses on the ESF borough funded commissions. Any actual loss incurred will be offset by the £99,000 transferred from the Grants Committee reserves to the Joint Committee reserves approved by Leaders Committee on 6 December 2016. In addition, there is a rounding difference of £1,000.
 - TEC – the decrease in the pre-audited surplus is attributable to the TEC sub-committee's approval of the transfer of £377,000 to the 2020 Freedom Pass Re-issue Reserve at its meeting on 19 July 2018 offset by an understatement of £9,000 worth of income in relation to the London European Partnership for Transport (LEPT) and a rounding difference of £1,000.
4. Table 2 below compares the pre-audited and audited level of reserves (excluding the Pension and Accumulated Absences Reserves) as at 31 March 2018 for each of the three funding streams.

Table 2 – Comparison of pre-audited and audited reserves as at 31 March 2018

Accounts	Pre-Audited (£000)	Audited (£000)	Difference (£000)
Joint Committee	5,652	5,307	(345)
Grants Committee	2,443	2,443	-
TEC	6,161	6,171	10
Total	14,256	13,921	(335)

5. The difference between the decrease in reserves of £335,000 and the decrease in the total revenue surplus for the year of £712,000 (Table 1) is due to the transfer of £377,000 to the 2020 Freedom Pass Re-issue Reserve.

Annual Governance Statement

6. An Annual Governance Statement (AGS) is included in the audited accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and guidance issued by CIPFA/SOLACE. The AGS was approved by London Councils Audit Committee at its meeting on 21 June 2018. KPMG reviewed the AGS as part of their audit work and concluded that it complies with the requirements of the Code and relevant guidance.
-

Financial Implications for London Councils

The financial implications are incorporated into the report

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

- Appendix A - Consolidated Statement of Accounts of London Councils Joint Committee for 2017/18
- Appendix B – Statement of Accounts of London Councils Grants Committee for 2017/18
- Appendix C – Statement of Accounts of London Councils Transport and Environment Committee for 2017/18

Background Papers

Final Accounts working files 2017/18
London Councils' Executive Report on Consolidated Pre-Audited Financial Results 2017/18 of 19 June 2018



LONDON COUNCILS JOINT COMMITTEE
CONSOLIDATED STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2018

LONDON COUNCILS - JOINT COMMITTEE

Contents

	Page
Narrative Report to the Statement of Accounts	1-26
Statement of Responsibilities for the Statement of Accounts	27
Approval Certificate	28
Annual Governance Statement	29-34
Independent Auditor's Report	35-36
Consolidated Expenditure Funding Analysis	37
Consolidated Comprehensive Income and Expenditure Statement	38
Consolidated Movement in Reserves Statement	39
Consolidated Balance Sheet	40
Consolidated Cash Flow Statement	41
Notes to the Consolidated Accounts	42-72
Appendices	73-76
Glossary	77-81

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

Review of the year

About London Councils

London Councils represents London's 32 boroughs and the City of London.

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

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

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

London Councils acts as a catalyst for effective sharing – including ideas, good practice, people, and resources, as well as policies and new approaches - among boroughs and groups of boroughs.

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

Devolution and Public Service Reform

During a sustained period of restricted public finances, London Councils has consistently made the case to government and others that devolution of resources and responsibilities to the local level can achieve the best outcomes for residents and reduce cost inefficiencies associated with one size fits all government. London Councils has worked closely with both the Mayor of London and with leaders across other English cities to build a consensus of trust in robust and sustainable devolution arrangements across a range of key areas.

In March 2017, The Chancellor of the Exchequer, the Minister for London, the Mayor of London and the Leader of London Councils signed a joint Memorandum of Understanding (MoU) that set out plans for further devolution to London across the following areas:

- **Business rates:** The government committed to explore options for supporting the voluntary pooling of business rates with London government, subject to appropriate governance structures being agreed. In October 2017, the Mayor and the boroughs agreed to pursue an expanded London-wide business rates retention pilot pool from April 2018.
- **Health:** To support London's future plans for a more place-based, integrated health and social care system, the devolution MoU set out an ambition to agree a second separate, health devolution-specific MoU. The Health and Care Devolution MoU was agreed in November 2017. It reaffirmed a shared commitment to accelerate improvement to the health and care of all Londoners through greater integration, devolution, or delegation of powers and granting of new freedoms to London, in order 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.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Skills:** In addition to devolving the Adult Education Budget (AEB) to London from 2019-20, the government committed to work with the GLA and London Councils to explore options for greater local control over careers services and better alignment of skills provision. London Councils secured tangible influence for London boroughs over the local delivery of the AEB and ensured that the role of boroughs and sub-regional partnerships (SRP) are fully recognised in the Mayor's Skills for Londoners strategy.
- **Employment:** The government reiterated plans for the national Work and Health Programme (WHP) to be devolved to London whilst committing to a strategic dialogue with London government on employment support. As of March 2018, London's four SRPs received devolved funding to deliver the WHP locally enabling borough groupings in each sub-region tailor their programmes to fit with local needs and opportunities. The devolved WHPs will provide employment support for jobseekers with health conditions, disabilities, and the long-term unemployed.
- **Infrastructure:** The MoU included a commitment to establish a joint taskforce bringing together the GLA, Transport for London, London Councils, and government to explore options for piloting a Development Rights Auction Model (DRAM) on a major infrastructure project in London. The taskforce concluded that, while DRAM may have value elsewhere in the UK, it was unlikely to provide a viable model in the particular circumstances of London's property and development market.
- **Transport:** As part of the MoU, the Mayor committed to publish a new statutory Transport Strategy during 2017, setting out plans to transform conditions for walking, cycling, public transport and ensuring London government possesses the powers it needs to tackle congestion. In October 2017, London Councils responded to the Mayor's draft Transport Strategy setting out a series of issues we wanted to see reflected in his final Strategy.
- **Criminal Justice:** In March 2018, London Councils, the Ministry of Justice and the Mayor of London jointly agreed a Memorandum of Understanding on working towards criminal justice devolution in the capital that sets out a programme of work for how national, regional and local government will collaborate to reduce reoffending, improve services for victims, witnesses and vulnerable offender cohorts, and create better outcomes for London.

Our work in each of these policy areas in 2017/18 is explored further in individual chapters that follow.

Resources

Ensuring that our member authorities have appropriate resources to deliver the services their residents need, while continuing to support the capital as a national asset, is central to London Councils' work. Our Finance and Performance team works with finance directors, chief executives and others across the capital to provide credible and widely regarded analysis that underpins the case for adequate resourcing of London government and supports sector led improvement across London local government. In 2017/18, we:

- Negotiated with the Mayor and with government for London to pilot the 100 per cent retention of business rates in the capital via a pan-London business rates pool in 2018/19. We estimate this will secure an additional £350 million for London government in 2018/19.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Responded to the government's consultation on relative need and continued to lobby for fair funding distribution for London boroughs as part of the government's Fair Funding Review that will set new funding baselines from 2020 onwards.
- Undertook detailed analysis with directors of children's services and finance to establish the scale of the funding gap within children's social care and similar significant emerging pressures for children with Special Educational Needs. The funding crisis in children's services is now regarded as *the* most important issue facing the sector and we will continue to lobby and make the case for London ahead of the 2019 Spending Review.
- Led the lobby to protect all schools from reductions of up to £245 million as a result of the new schools funding formula. The government subsequently found additional funding which protected London boroughs from significant funding reductions in the final allocations in September 2017.
- Continued to raise awareness about the unfunded burdens of those with No Recourse to Public Funds (NRPF) and the emerging funding gap resulting from local authorities' new duties to support Unaccompanied Asylum Seeking Children (UASC) up to the age of 25 – both of which cost around £50 million within London each year and which disproportionately affect London boroughs.
- Led London Councils' strategic representation to government ahead of the Autumn Budget, and lobbied in response to the local government finance settlement. Coordinated lobbying across the sector led to an additional £150 million of funding being allocated to Adult Social Care at the final settlement by government (£23 million of which went to London Boroughs).
- Undertook modelling and analysis to support the London Regional Employers' office and GLPC in undertaking its review of the London pay spines, which resulted in an agreement to move to revised pay spines over the next two years.
- Supported borough finance teams, London Councils continued to produce a range of analysis and tools for boroughs to use as part of their financial planning.
- Delivered, with the Improvement team continued important benchmarking and analysis to our members and an HR metrics service for HR Directors which was again nominated for an award by the Public Services People Managers Association (PPMA). The team continued to support the London Self Improvement Board and delivered successful peer support programmes for chief executives and finance directors across London.

Health and Adult Care

London boroughs' longstanding responsibilities for providing social care to adults and children in their area present increasing financial pressures, with social care spending accounting for 43% of all managed expenditure in 2017/18.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

In this context, London Councils has worked with member authorities and partners to make the case for a more sustainable funding model for future social care alongside a more devolved and effective system. In 2017/18 we:

- Successfully worked with partners and lobbied to get government to sign the Health and Social Care Devolution Memorandum of Understanding (MoU) and securing more than £100 million in Transformation Funding for London in 2018/19. Crucially, the MoU gives London government greater control over how funding is spent on health and care across the capital; alongside new decision making freedom in respect of estates and capital, and permission to explore opportunities to go further and faster on the integration of health and care.
- Worked with other regional teams in support of local areas to ensure that all Better Care Fund (BCF) plans were signed off.
- Supported local areas to be engaged in emerging developments related to Delayed Transfers of Care. London remains the a top performing region on reducing delays in transfer of care (DToCs).
- Worked with the mental wellbeing initiative Thrive LDN to bring more clarity and focus to the initiative, especially in how Thrive LDN engages and works with the boroughs. As the project enters its second year and prepares to re-launch its “Are we OK” London? campaign, London Councils will continue to support Thrive in the boroughs, particularly in the development of new local Thrive Hubs.
- Helped to shape the development of the Mayor’s Health Inequality Strategy, ensuring that the borough perspective was represented in the drafting.
- Acted as host and fulcrum for significant campaigns to improve the health and wellbeing of Londoners:
 - The London HIV Prevention Programme (LHPP) ‘Do It London’ HIV awareness campaign has played a significant role in changing behaviour to encourage safer sex and to encourage HIV testing. In 2016, data shows that London saw for the first time ever a decline in new HIV diagnoses. Between 2015 and 2016 there was a 30 per cent fall from 1,804 in 2015 to 1,266 in 2016. This was apparent in five London clinics where the number of MSM testing HIV-positive fell by 35 per cent. The LHPP evaluation results demonstrate that the success of the campaign is closely linked with low diagnoses rates. In March 2018 the LHPP ‘Do it London’ campaign won the LGC Award for ‘Campaign of the Year.’
 - In January 2018, London Councils, on behalf of London boroughs, joined a global network of cities to tackle the HIV epidemic called the Fast Track Cities initiative (FTC). This unique collaboration involved other signatory organisations including the GLA, Public Health England and NHS England. A key ambition for the project is to work towards ending the HIV epidemic by 2030. London is already making good progress and exceeding the FTC declaration targets. In 2016 in London 90 per cent of people were diagnosed with HIV; 97 per cent of them were receiving anti-retroviral treatment and of these, 97 per cent were virally suppressed. London is seeking to achieve – Zero new transmissions; Zero new infections and Zero Stigma and discrimination by 2030.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- London Councils acted as the focal point for a joint trading standards and public health campaign to 'Stamp out Illegal Tobacco' Over 21,000 illegal tobacco products were seized in a series of raids carried out by local Trading Standards teams from homes, shops and market stalls across London, including Merton, Hackney, Barking and Dagenham, Haringey and Royal Greenwich, while engagement questionnaires were used during public conversations to gather intelligence for possible future action by local enforcement teams. Following the success of the campaign, plans are in place to run it again in July 2018, with almost all London boroughs participating in some way to the project.

Economic Development

As a global city London is home to many international businesses that play a significant role in the national economy, but the lifeblood of the capital lies also in its myriad SME businesses that provide employment and support London's local economies and high streets. London Councils has been making the case to government that further devolution of powers and resources to local and sub-regional groups of boroughs is key to unlocking the full potential of London in support of national economic growth that benefits all Londoners, including the most vulnerable. In 2017/18 we:

- Supported London's Sub-Regional Partnerships (SRPs) to run a successful procurement for the Work and Health Programme (WHP) in London, and continued to negotiate with DWP on the terms of devolution for the WHP. Four Work and Health Programmes are now operational in London.
- Secured an agreed approach and budget for a pan-London evaluation of the Work and Health Programme between the SRPs. This will be important in identifying any added value from devolution.
- Influenced the development of the Mayor's Skills for Londoners strategy that will help shape the focus for devolved Adult Education Budget (AEB) in London, ensuring that the role of boroughs and sub-regional partnerships is fully recognised in the strategy.
- Secured tangible influence for London boroughs by ensuring that five boroughs Leaders will be represented on the Board that will advise the Mayor on the devolution of the AEB.
- Completed a pan-London project that defined the distinctiveness and future focus of Adult Community Learning (ACL) in London and proposed an approach to commissioning ACL to the GLA once this funding is devolved.
- Submitted joint proposals with the Mayor on the government's proposals for a UK Shared Prosperity Fund that will replace European Structural and Investment Funds, making the case for devolved funding, a fair allocation for the capital and a reduction in bureaucracy.
- Held a successful London Borough Apprenticeship Awards on 22 September to celebrate the work of apprentices in London boroughs.
- Agreed a Memorandum of Understanding with Arts Council England (ACE) setting out how London Councils and ACE will work together to promote and support culture in the capital.
- Supported the work of the London Culture Forum, along with boroughs, the GLA and ACE, holding a series of well-attended events and action learning sets throughout the year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Capital Ambition**

Capital Ambition provides the space for local public services to innovate and improve the efficiency and effectiveness of services across the capital.

Originally established as the regional improvement and efficiency partnership for London, Capital Ambition invested around £34 million on projects between 2008 and 2013. While the level of remaining funds for investment has decreased, the Board's ambition still remains to support London's local public services. This ambition is now delivered through the London Ventures innovation programme, in partnership with EY. Key outcomes from the London Ventures programme in 2017/18 include:

- The development of a 'targeted ventures' work stream focused on addressing the key challenges of homelessness and temporary accommodation has delivered four projects to date (including, PLACE, see case study)
- Winning the Solutions Partner of the Year award from the Public Finance Innovation Awards 2018 for the partnership with Xantura and their work on predictive analytics (see case study)
- The on-going partnership with 13 venture partners offering products and services ranging from back office finance solutions to social care.
- Starting the next targeted ventures work stream to develop innovative concepts in the area of children and families.

In addition to the London Ventures programme, Capital Ambition has also helped boroughs to test new ways to manage demand through the use of behavioural sciences in partnership with the Behavioural Insights Team. Specific areas of work include improving decision making in children's social care; improving communications around prevention and early help and improving immunisation rates of MMR. CAB has also supported an ongoing programme of work to develop London's health and social care devolution activity.

London Ventures case studies:**Safeguarding**

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

The model brings together data from multiple agencies and applies risks scores to predict, for children under two years-old, the likelihood of them being neglected or abused by the age of five. The model includes an information sharing platform, a secure alert system which sends escalated risk scores to social work teams, and tools to support the engagement of families as risks begin to escalate.

The effectiveness of the model is enhanced by timely data from the vulnerable families and data from others with whom they are in contact, using mobile phone and web technology. The entire system is used to support the professional judgement of social workers – not to override it.

In the longer term this model should strengthen safeguarding across London's local authorities, help more families have greater independence from intervention, and improve families' quality of life whilst cutting costs.

At the Public Finance Innovation Awards 2018, London Ventures partnership with Xantura was recognised through winning the Solutions Partner of the Year award. The judges stated that:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

"London Ventures impressed us through the breadth of partnership working, the size of the estimated cost savings and efficiency benefits. It's a good replicable project working with data to develop the service."

Temporary Accommodation

London Ventures has supported the London Housing Directors and London Councils to develop a pan-London modular housing scheme (known as **PLACE**) for use on meanwhile sites to address London's temporary accommodation challenge. The use of meanwhile sites will mean that land that is currently vacant but earmarked for future development can be used in the interim period as high quality temporary accommodation to meet a very challenging issue for London.

The housing units will be designed such that they can be moved to different sites based upon the needs of the local authorities and availability of meanwhile sites. Led by the London Borough of Tower Hamlets, the project has secured grant funding from the GLA Innovation Fund of £11 million to procure 200 modular units.

Housing and Planning

In June 2017, 71 people lost their lives in a fire at Grenfell Tower that is the subject of a major Inquiry, as well as a national review of building standards and regulations. Following the tragic events at Grenfell Tower, boroughs rallied to support the immediate rehousing efforts at Kensington and Chelsea and have been working tirelessly to radically reassess fire safety in their own stock and within their own areas. On behalf of our member authorities, London Councils has provided support to an officer group to share best practice and emerging information on fire safety in both council and private stock. We have commissioned additional support to respond in detail to the review of building regulations, pushing strongly towards a safer and more regulated framework to better protect all residents.

London continues to face multiple unique and significant challenges in relation to housing, homelessness, affordability and planning that impact on the daily lives of Londoners and on the future prosperity of the capital. Our work in 2017/18 included:

- Spearheading lobbying for additional funding towards the Homelessness Reduction Act (implemented in April 2018). Although the new burdens funding is still insufficient, government did allocate an additional £11 million nationally for delivery, and has allocated £39 million for pan-London joint working on homelessness. We are currently working through feasibility options on the joint working arrangements with a working group of 22 boroughs.
- Supporting councils in respect of the two new duties introduced by the Act. London Councils has supported boroughs in drafting a protocol to ensure the best outcomes for applicants at this prevention stage where they apply outside of their home borough. We will also be working to evaluate the Act, and in particular homelessness funding.
- Working with a group of 16 boroughs, led by Tower Hamlets and supported by London Ventures to create a modular housing units for temporary accommodation.
- Responding robustly to the new draft London Plan 2018 and the National Planning Policy Framework, advocating the need for infrastructure alongside development, and for a better methodology on small site targets.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continuing to host the London Housing Directors' Group, and the fire safety sub group sitting below. The group also now runs a working group with the G15 (the group representing London's largest housing associations) focused on bringing forward new supply to meet London's housing needs.
- Working with London First on a series of roundtables between boroughs and developers looking at how Build to Rent options could work for local councils.
- Continuing to make the case for increased financial freedoms and flexibilities for councils to deliver more housing, including affordable housing. The Ministry of Housing, Communities and Local Government subsequently announced a consultation on flexibilities on Right to Buy receipts.

Children's Services and Schools

London boroughs have been at the forefront of a transformation of the capital's schools - from a point in time when they had a poor national reputation, to the position today when London has the highest percentage of good or outstanding Ofsted rated schools in the country. Supporting and maintaining that improvement trajectory is a fundamental priority for London boroughs and for the future prosperity of the capital and the national economy.

Our Children and Young People team works closely with groups such as the Association of Directors of Children's Services (ALDCS) in relation to a broad range of children's sector stakeholders. In 2017/18 they:

- Led a wide-ranging, high profile press and parliamentary campaign to lobby government to protect funding for London's schools ahead of the introduction of the new National Funding Formula. This campaign was successful in helping to secure an extra £1.3 billion per year for two years for schools, including an increase in at least 0.5 per cent a year per pupil cash increase for all schools and schools classed as underfunded will receive a per pupil cash increase of up to 3 per cent per year.
- Undertook detailed financial and policy analysis to identify significant funding shortfalls in children's services, particularly in children's social care and services for Special Educational Needs and Disabilities (SEND), which amount to approximately £200 million for 2016/17. London Councils has been lobbying government on the rising cost of SEND provision, including meeting with the Secretary of State, as well as supporting the boroughs with their own campaigning efforts. We have been developing an understanding of what is driving up costs across the sector, working with the boroughs and parent groups, and sharing good practice to help the boroughs to find solutions to reducing costs without impacting on quality of provision.
- Published research which analysed the views of 400 school heads to understand the impact of funding reductions, teacher recruitment and retention challenges and how they view the role of local authorities in education going forward. The final report, *Talking Heads*, received considerable media interest and helped provide significant weight to our school funding campaign.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Developed key positions on early years, including the need for more funding to support the extension of the 3 and 4 year-old entitlement to 30 hours and existing 2 year-old offer, the negative impact of the new early years national funding formula on maintained nursery schools and the need to provide capacity to local authorities to drive up quality in local provision. We have published a report highlighting the key findings from our *Heads of Early Years Survey* and raised these issues directly with government, for example through a submission to the Treasury Select Committee.
- Organised a high level education conference in July 2017 focusing on London schools' success in raising attainment, as well as offering an opportunity to reflect on the pressing challenges facing the sector and consider the shape and ambition for education provision in London going forward.
- Published our annual *Do the Maths* report on the school place challenge facing London, which identified significant increases in demand for secondary and special school places. We have called on the government to secure a specific round of special free schools, as well as to speed up the next wave of general free schools to enable London boroughs to meet their sufficiency duty on school places.
- Lobbied government to raise concerns about the proposed changes to free school meals eligibility that may adversely impact the number of FSM pupils in London, which could leave more children without access to free school meals and reduce funding levels.
- Contributed to the National Audit Office's report into Converting Maintained Schools into Academies and the subsequent Public Accounts Committee inquiry to raise concerns about the impact that academy conversion has on the remaining local authority maintained schools and the ability of local authorities to deliver their statutory duties in respect of education.

Young People's Education and Skills

In addition to our work on schools policy, London Councils also hosts and supports the Young People's Education and Skills (YPES) Board, the lead strategic body for 14 to 19 education and training in London. The YPES Board provides pan-London leadership for the current and future education and training needs of young Londoners and employers. The Board also supports member authorities in undertaking their statutory functions and in planning, policy and provision. Achievements in 2017/18 included:

- Increasing the take-up of the London Ambitions careers offer by schools and businesses, in partnership with the Greater London Authority (GLA), to ensure that all young people have access to good careers education, information advice and guidance.
- Supporting local authorities in London to promote their apprenticeship opportunities through sponsorship of Skills London, the capital's biggest jobs and careers event for young people.
- Providing professional advice to central government and member authorities to help shape the availability of technical education opportunities in London that work best for young people and businesses.
- Helping boroughs with implementing significant special educational needs and disability reforms.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

Crime and Public Protection

London Councils aims to ensure that the interests of Londoners, and their councils, are fully recognised in policing, in the development of community safety policies, and in the allocation of funding. In 2017/18, we:

- Ensured boroughs had a voice in the Metropolitan Police Service's reform of local policing as part of 'One Met 2020'.
- Ensured members and senior borough officers had influence on the co-commissioning portion on the London Crime Prevention Fund.
- Commissioned an independent peer review as a basis for supporting and strengthening pan-London local authority emergency response and planning arrangements.
- Supported a collaborative approach, across boroughs, to preventing violent extremism, working through the London Prevent Board. This was supported by the exchange of best practice on Preventing Extremism.
- Supported borough engagement in the London Crime Reduction Board and, in particular, advanced borough interests in the delivery of the Police and Crime Plan.
- Played an active role in convening boroughs to share best practice on tackling Serious Youth Violence.
- Played an active role in convening boroughs in shared endeavour to tackle Violence against Women and Girls. This included channelling borough input to refreshed VAWG strategy for London, making representations in relation to the upcoming Domestic Abuse Bill and engaging with the Deputy Mayor and the London VAWG Board (Co-chaired by the Executive Member for Crime and Public Protection) on key borough concerns around VAWG.
- Hosted the first meetings of an initiative bring together professionals from statutory and voluntary agencies to develop best practice in responding to the housing needs of survivors of sexual and domestic violence.
- Agreed, in March 2018, along with, the Ministry of Justice and the Mayor of London a Memorandum of Understanding on working towards criminal justice devolution in the capital that sets out a programme of work for how national, regional and local government will collaborate to reduce reoffending, improve services for victims, witnesses and vulnerable offender cohorts, and create better outcomes for London.

Welfare

At a time when central government has embarked on a comprehensive overhaul of welfare arrangements nationally, London Councils has worked to ensure that reforms work for London and for Londoners given the unique scale and nature of the capital's economy and workforce. Outcomes in 2017/18 include:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Following consistent lobbying from London Councils the government has increased the Local Housing Allowance cap levels by 3 per cent. As a result of these changes the pool of properties affordable on Housing Benefit will be increased in most of London. Although this is not a direct increase in funding for local authorities, it has the potential to create savings by reducing pressure on authority Discretionary Housing Payment budgets, lessening the need for financial incentives to private landlords and making it easier for authorities to secure affordable private rented sector accommodation for homeless households.
- London Councils has worked closely with member authorities who have Universal Credit full service to collect detailed evidence of its impact on both claimants and councils. As a result of this evidence and ongoing engagement with the Department for Work and Pensions a number of changes have been made to Universal Credit that reduce the negative financial impact on authorities and ensure better support for claimants. These include the abolition of the 7-day waiting period, introduction of a transition to Universal Credit payment and the removal of temporary accommodation from Universal Credit.

Equalities and Social Integration

Maintaining and promoting London's reputation as an open, global city where diversity is valued and there is equal access to opportunity, is an important policy objective for London Government. London Councils' work in this area in 2017/18 has included:

- Publishing a report highlighting several case studies of borough work to promote successful social integration in London.
- Making representations to government on boroughs' perspective on the Integrated Communities Strategy Green Paper.
- Assembling evidence on the impact and issues associated with No Recourse to Public Funds (NRPF), circulating the findings to boroughs.
- Holding an event with Syrian Resettlement leads and providers of ESOL to share city-wide mapping of ESOL provision and share best practice.
- Holding an officer-level event on Social Integration, with a panel of expert speakers including the Deputy Mayor for Social Integration and the Director of the Casey Review Strategy Team.
- Holding Good Practice Seminar on Controlling Migration Fund.
- Secured £60,000 funding for a coordinator for Syrian Resettlement in the capital.
- Assembling an independently sourced evidence base which the Executive used to inform the assessment of London Councils Equality Objectives for 2018/19 onwards.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Transport and Environment (policy)**

London Councils works with a range of stakeholders across the capital to develop policy on a number of transport and environmental challenges the capital faces. Our work in this area is governed by our Transport and Environment Committee (TEC), a statutory committee of councillors from all 33 London council. Work in 2017/18 included:

- Progressing the GULCS (Go Ultra Low City Scheme) project of installing electric vehicle charge points that has generated expression of interest from 25 boroughs to take part in the first phase. Since January 2017 London boroughs have installed just under 650 charging points, London Councils' data reveals there will be another 2,500 charging points installed by 2018/19, an increase of over 300 per cent.
- Influencing and then formally responding to two of the main Mayoral strategies; the Mayor's Transport Strategy and London Environment Strategy.
- Writing, in conjunction with TfL, updated guidance for Local Implementation Plans (LIPs).
- Obtaining additional LIP funding of £11.6 million after cuts were announced by Transport for London. The team also secured a commitment by the Deputy Mayor to have individual discussions with each authority, commitment by TfL that there would not be any in year cuts and the reinstatement of the Local Transport Fund and Training budget for boroughs.
- Writing to Ministers and the Secretary of State for Transport on behalf of London boroughs to:
 - Raise serious concerns in relation to the handling of the south eastern rail franchise
 - Highlight major transport schemes that are required for the wider South East
 - Highlight the difficulties in achieving housing delivery without sufficient infrastructure investment
 - Provide a policy context for lower recycling rates in London compared to the rest of the country

Additionally, we:

- Responded to a number of consultation responses to the Mayor, London Assembly, Government, National Infrastructure Commission and Thames Water ranging from air quality, the Ultra Low Emission Zone, the draft National Infrastructure Assessment, deposit return scheme, London's cycling infrastructure, Mayoral CIL, to Thames Water Business Plan and TfL's bus consultations.
- Organised a joint business event with London First and the National Infrastructure Commission to discuss London's strategic infrastructure requirements.
- Briefed Peers and MPs on issues important to London, such as air quality and strategic transport investment
- Published a report on Demystifying Air Pollution

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Undertook second year of air quality polling
- Re-established joint working arrangements with the Thames Regional Flood and Coastal Committee (Thames RFCC) and its new chair and ensured the new Thames Flood Advisers are settled and support boroughs with the implementation of significant flood alleviation schemes.

Transport and Mobility (services)

In addition to our work in relation to transport policies, London Councils runs a number of direct services where Leaders have identified a clear benefit in these being administered by London Councils. These include the Freedom Pass and Taxicard schemes that provide vital mobility and transport opportunities to older and disabled Londoners. We also support the provision of an independent appeals service through London Tribunals and we operate the London Lorry Control Scheme to ensure goods can be delivered without unnecessary disruption to residents at night. This year saw a major review of the Lorry Control Scheme (see case study page 16).

Freedom Pass

The Freedom Pass allows free travel across London and free bus journeys nationally for older and disabled Londoners. It has been funded by the boroughs since 1986 and is administered on their behalf by London Councils. In 2017/18, we:

- Negotiated and agreed the Freedom Pass settlement for the 2018/19 with Transport for London (TfL), successfully achieving an annual reduction in the settlement for the second year running.
- Successfully negotiated the Freedom Pass settlement agreement with the Rail Delivery Group (RDG).
- Negotiated and published the 2018/19 London Service Permit (LSP) Concessionary Scheme for Freedom Pass with local bus operators (non-TfL buses).
- Calculated and agreed the apportionment of 2018/19 Freedom Pass costs to boroughs.
- Undertook the renewal of approximately 60,000 Freedom Passes which expired in March 2018 and a mid-term review of eligibility of pass holders with cards expiring in March 2020, generating a net cost avoidance figure of £1.3 million.

Taxicard

The London Taxicard scheme provides subsidised door to door journeys in licensed taxis and private hire vehicles for London residents who have serious mobility or visual impairments. It is funded by the London boroughs and Transport for London and managed by London Councils on their behalf. In 2017/18, we:

- Successfully negotiated and agreed to maintain TfL funding for Taxicard at current levels plus inflation for 2018/19 in the face of significant budgetary pressures and proposed funding cuts.
- Re-tendered the Taxicard delivery contract, working in partnership with TfL to jointly procure Taxi and private hire vehicle services for both Taxicard and Dial-a-Ride. The new contract, beginning in October 2018, will reflect the results of a consultation with all Taxicard members undertaken last year and which suggested a number of improvements to the service.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Began work on a personal travel budget pilot for mobility schemes in partnership with TfL, and the London boroughs of Southwark and Hounslow.

London Tribunals

London Tribunals (formerly the Parking and Traffic Appeals Service) was established by the Road Traffic Act 1991 to provide the administrative support to the Environment and Traffic Adjudicators. The service continues to provide this support under the Traffic Management Act 2004 and, since 2003, to the Road User Charging Adjudicators. London Tribunals also provides support for the hearing centre based at Chancery Exchange in Holborn. In 2017/18, we:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators to enable them to fulfil their statutory duties in relation to approximately 50,000 appeals.
- Ensured the RUCA tribunal was ready to receive appeals in relation to the new Toxicity Charge introduced by TfL in October 2017.
- Continuing a move to more online digital service provision, introduced a new streamlined process for dealing with Statutory Declarations and Witnesses Statements.

Health Emergency Badge

The Health Emergency Badge (HEB) is for people involved in the delivery of primary healthcare attending medical emergencies in patients' homes. All London boroughs have agreed to the scheme, although it is not a mandatory provision and it is offered entirely at the discretion of London parking authorities. In 2017/18, we:

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

TRACE

TRACE is an online service for anyone whose vehicle may have been towed away for illegal parking by any council in London. The web service is available 24 hours a day, 365 days a year. It is administered by London Councils on behalf of member authorities. In 2017/18, we:

- Continued to manage and operate the TRACE service, seeing an increased take-up of the online portal service.

The London European Partnership for Transport (LEPT)

LEPT was established in 2006 to coordinate, disseminate and promote the sustainable transport and mobility agenda for London and London boroughs in Europe. One of LEPT's main roles is to identify, bid for and manage EU transport and mobility projects involving London boroughs which support their local priorities as well as fitting into the Mayor's Transport Strategy. In 2017/18, we:

- Continued to monitor European funding and knowledge exchange opportunities, and briefed boroughs accordingly.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Coordinated a second stage bid on digital personalised travel planning, entitled PTP-Commute, under the Horizon 2020 call for proposals.
- Attended EU workgroups, seminars and conferences on a wide variety of sustainable transport issues.
- Commenced a review of the LEPT service in light of the emerging implications of Brexit.

Traffic and Parking

In addition to the specific services and provisions detailed above, London Councils also works to support the delivery of effective and consistent traffic and parking policies and operations and represents the boroughs on a number of forums and stakeholder groups. In 2017/18, we:

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted a number of forums for front line providers.
- Represented borough interests at the following groups and forums:
 - London Freight Forum and Freight Forum Steering Group
 - London Technical Advisors Group (LoTAG) Transport
 - NESTA's Flying High Challenge
 - TfL's Lane Rental Governance Committee
 - Local Authority Partnership
 - BPA Council and Local Authority Special Interest Group
 - London Tourist Coach Action Plan Group
 - London Automotive Forum
 - TfL's Direct Vision Standard Project Board
 - Urban Freight Working Group.
- Reviewed and updated the parking contravention codes list.
- Competed and published a revised Parking Code of Practice.
- Launched, with the BPA, the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner.
- Commissioned independent research to identify the range of benefits achieved through parking management backed up with quantitative and qualitative evidence.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- Worked with the BPA to progress the development of international open parking data standards.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

Case study:**London Lorry Control Scheme Review**

The London Lorry Control Scheme (LLCS) controls the movement of heavy goods vehicles over 18 tonnes maximum gross weight. It operates at night and at weekends on specific roads in London helping to minimise noise pollution.

In 2017/18 London Councils completed a review of the London Lorry Control Scheme to assess the effectiveness of the scheme, including consideration of its impact on the freight industry, business and the benefits to London's residents. The review was the most extensive in the scheme's 30 year history, drawing together a wide range of stakeholders across the capital (including, hauliers, business groups, residents groups, sub regional partnerships and the noise abatement society). More than 3,500 commercial hauliers were contacted to complete an online survey and an operators' workshop was attended by 70 representatives from such sectors as: retail, construction, distribution logistics and manufacturing.

A number of recommendations arising from the Review were agreed by London Councils' Transport and Environment Committee in June 2017. Many recommendations have already been implemented including a number of improvements to the scheme website and online user portal, which has been completely redesigned.

The full review report and executive summary can be found at:

[file:///docserver/UsersFlderRedirect/spencerpalmer/Downloads/London per cent20Lorry per cent20Control per cent20Scheme per cent20Review FINAL per cent20\(2\).PDF](file:///docserver/UsersFlderRedirect/spencerpalmer/Downloads/London%20per%20Lorry%20per%20Control%20Scheme%20Review%20FINAL%20(2).PDF)

[file:///docserver/UsersFlderRedirect/spencerpalmer/Downloads/LLCS per cent20Review per cent20Exec per cent20Summary per cent20\(1\).pdf](file:///docserver/UsersFlderRedirect/spencerpalmer/Downloads/LLCS%20Review%20Exec%20Summary%20(1).pdf)

Grants and Community Services**The Grants Programme**

The London Councils Grants Programme, overseen by the Grants Committee - on which all 33 London local authorities are represented - enables boroughs to address high-priority social needs where Leaders have identified that this is best achieved through commissions at a pan-London level.

In April 2017 London Councils launched the new 2017-21 Grants Programme following co-design of services with boroughs and key stakeholders. Commissions were awarded to 13 organisations to deliver services to combat homelessness and tackle sexual and domestic violence.

Key features of the 2017-21 programme include:

- Tackling interrelated issues through joint working (improving the response of the housing sector to domestic violence).
- Greater involvement and links to local provision.
- Added value for boroughs through delivery of robust outcomes.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continued focus on equalities through partnerships of specialist providers.
- During 2017/18, the Grants Programme helped homeless people and those at risk of homelessness including:
 - 6,162 young people at risk of homelessness were supported including 353 assisted with family mediation/reconnection leading to safe settled reconciliation
 - 5,851 people at risk/ experiencing homelessness were supported including 678 directly assisted to obtain suitable settled accommodation
- The programme also helped people affected by sexual and domestic violence including:
 - 4,049 children who were supported to identify myths and warning signs and know where to seek help
 - 15,328 people affected by sexual or domestic violence who were supported via helpline advice and counselling

London Care Services

London Care Services helps boroughs to source good quality accommodation for vulnerable children. Providers of foster care, residential care, residential special schools and residential family centres offer information about their services and costs via a confidential website. The services are made available to subscribing boroughs through a single model contract offering a streamlined and cost effective route to providers. In 2017/18, London Care Services:

- Re-opened registrations to new organisations to join the model contract and adopted new criteria to reflect the changing needs of local authorities.
- Secured a total of 232 residential and 107 fostering services available to subscribing authorities.
- Continued to deliver network and training opportunities for local authority staff
- Initiated a quarterly provider newsletter to keep them up-to-date with relevant information in relation to the model contract.

Notify

NOTIFY is a web-based service that enables boroughs to track and exchange information on vulnerable households placed in temporary accommodation and who may be at risk of missing out on health, educational and social services.

Following a thorough review of the service in 2016/17, amendments to the system were agreed with boroughs. The main changes completed in 2017/18 were:

- The ability to issue out of borough temporary accommodation notices.
- The option to subscribe to housing services only.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**A focal point for London Government**

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

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

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

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

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

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

Adding Value for London Boroughs

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

- London Safeguarding Children Board (LSCB), representing London's councils in a broader partnership with police, health and other partners to promote child safeguarding across London.
- London Young People's Education and Skills (YPES) Board – the lead strategic body for 14-19 education and training in the capital.
- London Councils is the Regional Employers' body for London local authorities. Boroughs are members of the Greater London Employment Forum and are represented on the Greater London Provincial Council for the purposes of negotiations with trades unions.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Capital Ambition, London's improvement and efficiency partnership and sponsor of the innovative London Ventures programme.
- London European Partnership for Transport (LEPT), which provides the London boroughs with support and access to European funding for transport projects.
- London Councils was also instrumental in the creation of a new collective investment vehicle for Local Government Pension Scheme (LGPS) funds, the London CIV. The London CIV.
- London Councils also provides a key interface between boroughs, the London Resilience Group, the Greater London Authority (GLA) and a range of services on issues around city management and resilience.

Events and Awards

The London Summit – Our annual flagship event is free to all London members and senior borough officers. Our 2017 Summit - held on Saturday 18 November at the City of London's Guildhall - saw councillors of all political parties from the 32 London boroughs and the City of London, as well as representatives from the business, public and voluntary sectors - gather to engage in debate and share experiences from across the capital. The morning presentation was delivered by Ben Page, chief executive of Ipsos MORI. Debate panellists included Cllr Peter John OBE, Leader, Southwark; Cllr Sean Anstee, leader, Trafford Council; Jasmine Whitbread, chief executive, London First; Kru Desai, partner, KMPG LLP

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

The London Borough Apprenticeship Awards: Established in 2011 to showcase the value of apprenticeships to London boroughs, how borough staff have contributed to apprentices' success and how boroughs are helping to maximise apprenticeship opportunities with contractors and suppliers. The winners of the 2017 awards were announced at a ceremony at the Plaisterers' Hall on 22 September. The 2017 winners in the various categories were: Apprentice of the Year – Carly Mitchell (LB Camden); Best contribution by a new apprentice – Jordan Bailey (RB Kingston upon Thames); Best progression by an apprentice – Elisha Grant (LB Bexley); Best manager or mentor – Fran Beckman (Lewisham); Best work with supply chains and/ or small businesses to create new apprenticeships – LB Camden.

The Small Business Friendly Awards - organised by London Councils and the London Region of The Federation of Small Businesses (FSB) the awards, now in their fourth year, are an opportunity to celebrate projects or initiatives delivered by the London boroughs that have a positive impact on London's small business community. The Best All-Round Small Business Borough in 2017 was Wandsworth, recognised for its wide range of support for small businesses and start-ups in the borough, while Havering was highly commended in the same category. Other 2016 winners were: Merton - Best Small Business Procurement to Support Local Trade; Lambeth and Sutton (joint winners) – Best Programme of Support for Small Business; Cllr Brian Coleman, Hammersmith and Fulham – Best Small Business Champion (member); Jenni Asiama, Wandsworth – Best Small Business Champion (officer).

Keeping Our Members Informed

Website – London Councils' website was visited by more than 1 million unique visitors and had 4.6 million page views in 2017/18 (up 400,000 on the previous year).

Key Issues – our weekly e-newsletter, sent to more than 20,000 subscribers across the capital each Wednesday morning, provides a quick summary of the issues affecting London local government and the evolving policy landscape in the capital.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Member Briefings – our member briefing service provides members with timely policy analysis and information across all our main policy themes directly to their inbox. Improvements to our website enable members to edit and amend their preferences more easily than ever before. In 2017/18 we sent 77 policy briefings to subscribing members.

Parliamentary Briefings – we regularly brief MPs and Peers on government bills that affect London boroughs. In 2017/18 these included briefings in support of our lobbying work, including topics such as the Fair Funding Review, Skills, Air Quality, Education, Business Rate Relief; Homelessness; Universal Credit; Supported Housing and Grenfell remedial costs.

Twitter – London Councils' Twitter account @londoncouncils has more than 19,000 followers who receive up-to-date news on all the latest developments in London local government as they happen. Ahead of the May 2018 local elections, London Councils' Tweets ranked in the top 10 most engaged with of any .gov account.

London Government Directory – a free copy of our annual London Government Directory, sponsored by London Communication Agency, is sent to every member and senior officers in all 33 London local authorities. The 2019 edition will be sent to members in October 2018. The Directory is also available to view online at www.directory.londoncouncils.gov.uk

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Financial Review**

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

Financial information

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

- Statement of Responsibilities for the Statement of Accounts (page 27);
- Consolidated Expenditure Funding Analysis (page 37)
- Consolidated Comprehensive Income and Expenditure Statement (page 38);
- Consolidated Movement in Reserves Statement (pages 39);
- Consolidated Balance Sheet (page 40);
- Consolidated Cash Flow Statement (page 41); and
- Notes to the Consolidated Accounts (pages 42 – 72).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	63,906	61,949	(1,957)
Income	(61,203)	(62,029)	(826)
Interest income and expenditure	(75)	745	820
Deficit for the year	2,628	665	(1,963)
Transfer from Reserves	(2,628)	(4,327)	(1,699)
Net Surplus for the year (including transfers from reserves)	-	(3,662)	(3,662)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £3.662 million is split over the three funding streams as follows:

	Grants Committee	Transport, and Environment Committee	Joint Committee	Total
	£000	£000	£000	£000
Total Expenditure	7,636	44,977	9,336	61,949
Total Income	(7,983)	(45,676)	(8,370)	(62,029)
Interest income and expenditure	29	236	480	745
(Surplus)/Deficit for the year	(318)	(463)	1,446	665
Transfer from Reserves	(338)	(1,111)	(2,878)	(4,327)
Net Surplus	(656)	(1,574)	(1,432)	(3,662)

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 48 and Appendices A and B on pages 73 and 74).

Grants Committee

The surplus of £656,000 is attributable to a surplus of £155,000 in relation to London Councils main grants programme and a surplus of £501,000 in the European Social Fund (ESF) match funded grants programme.

For the main grants programme, a breakeven position has been recorded in respect of the payments to providers of commissioned services for 2017/18. In addition, during the course of closing the 2016/17 accounts, liabilities of £755,000 relating to 25 outstanding payments due to commissions were set up. Payments of £636,000 have been released during 2017/18, with the residual £119,000 that has not been paid out being recycled through the revenue account and transferred back to reserves.

There is an underspend of £23,000 in relation to the administration of the main grants programme, attributable to an underspend of £18,000 in respect of salary costs and an underspend of £5,000 for general running costs and central recharges. In addition, a sum of £13,000 from investment income was been received during the year.

For the ESF matched funded commissions, the provisional surplus of £501,000 is attributable to the current ESF programme. The continued slippage for these commissions was reported to the Grants Committee in both November 2017 and March 2018. Performance has increased and improved over the last six months, so that payments to providers of £659,000 can now be recognised in the 2017/18 outturn figures. Due to the payment structure for ESF projects, higher levels of spend are recognised in the accounts towards the latter stages of projects, when outcomes (job entries and sustained jobs) can be verified. Similarly, a sum of £487,000 out of the £1 million boroughs contributions levied during 2017/18 can also be recognised as income in the provisional results for the year, along with £424,000 borough contributions treated as deferred income received during 2016/17. Administrative costs, estimated to be in the region of £155,000, have been incurred in respect of the new programme, for which ESF grant of £74,000 is expected to accrue in respect of eligible expenditure. This is included within the overall ESF grant income due for the year of £404,000. From 2018/19 onwards, no further borough contributions will be levied toward the cost of the ESF matched funded commissions. Residual expenditure in both 2018/19 and 2019/20 will be funded by provisional accumulated reserves of £1.92 million and through ESF grant accruing from eligible expenditure incurred.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Transport and Environment Committee**

The surplus of £1.574 million is attributable to:

- **Freedom Pass non-TfL bus services (-£478,000)**

In December 2016, TEC approved a budgetary provision of £1.7 million for 2017/18 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.213 million have been received and accepted for 2017/18, which has led to an underspend of £478,000, or 28%. This is broadly attributable to a 5.7% overestimate of the increase on the 2016/17 cost base, a 10.4% fall in journey volumes and 4% attributable to reimbursement agreements with new operators that took over the services from the existing operators, the terms of which were more favourable to London Councils. There was also a 7.9% reduction in the projected average trip fare of £3.90 to an actual unit fare of £3.59.

- **Net Freedom Pass survey and issue costs (-£377,000)**

The budget for the pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. For 2017/18, it also covered the cost of the mid-term review of pass eligibility. Total expenditure for 2017/18 is £1.296 million, of which £187,000 was spent on the mid-term review, leading to an underspend of £222,000. In addition, a sum of £777,000 was collected during 2017/18 in respect of replacement Freedom Passes, £177,000 in excess of the £600,000 budgetary provision, which reduces by £22,000 to £155,000 once bank charges are taken into account. In net terms, therefore, there was a surplus of £377,000, which, in accordance with approved TEC practice, will be transferred from the provisional surplus to the specific reserve created to fund the full 2020 freedom pass renewal process.

- **Net position on parking appeals (-£284,000)**

There is a net surplus of £284,000 in respect of environmental and traffic appeals. The number of appeals and statutory declarations represented by corresponding financial transactions posted in the accounts during the year was 42,557 against a budget of 40,586, generating income of £1.366 million, £171,000 more than the budget estimate of £1.195 million. In addition, there is an underspend of £147,000 in adjudicators costs, offset by additional contractor costs of £34,000. The throughput of appeals was 3.66 appeals per hour, compared to a budget figure of 2.76 and an actual figure of 2.5 appeals per hour for 2016/17.

- **London Tribunals Administration (-£172,000)**

The appeals Hearing Centre underspent the budget of £2.769 million by £172,000. There was a provisional underspend on ETA operations of £227,000, spread across salaries (£15,000), premises costs (£83,000), legal costs (£26,000) plus savings of £103,000 in respect of general office running costs and contract costs. Additional costs apportioned to RUCA operations, due to the increased proportion of RUCA appeals during 2017/18 amounted to £55,000 and is fully rechargeable to TfL/GLA.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Lorry Control Administration/PCN income (-£360,000)**

The administration of the London Lorry Control Scheme underspent the budget of £709,000 by £50,000. This is attributable to underspends on salary costs of £2,000, offset by additional premises costs of £5,000, additional central recharges of £21,000, additional general office costs of £5,000 and additional contract payments of £9,000. These overspends were offset by an underspend of £86,000 in respect of the review of LLC Scheme. At its meeting in July, the TEC Executive Sub-Committee was asked to approve the carry forward of the underspend on the review of the LLC Scheme of £86,000 into 2018/19. Much of the progress with the review recommended actions to be deferred until after the local elections. The signing review and trial of ANPR camera enforcement is now planned for this summer.

However, there was a significant overachievement in the collection of PCN income of £310,000 above the budgetary provision of £800,000, due to continued effective performance of the outsourced enforcement function meaning that transaction volumes continue to increase, leading to higher levels of debt actually being raised and collected. In addition, the continued development of the computer management system allows outstanding debt to be registered at the Court more quickly. Of the £1.194 million income due for the year, £105,000 has yet to be collected and has been registered with the County Court. A bad debt provision of £84,000 has been established in respect of this outstanding amount, in accordance with usual accounting practice. This is a reduction of £53,000 on the bad debt provision of £137,000 as at 31 March 2017, so the net surplus income increases to £363,000 for the year.

- Residual variances of +£97,000.

Joint Committee

The surplus of £1.432 million is attributable to:

- **Employee Costs (-£572,000)**

Employee costs underspend by £572,000, split between the following areas:

- £271,000 on officer salary costs, primarily due to high staff turnover and holding off recruiting to certain current vacant posts. In addition, an underspend on the incremental drift provision of £115,000 allowed this saving to be reflected in the 2018/19 budget approved by Leaders' in December 2017;
- £130,000 in respect of the lump sum payment required for 2017/18 to the LGPS fund administered by the LPP/LPFA in respect past service pension costs, again taken as a reduction in the current year's budget as part of the December 2017 budget setting process;
- £50,000 in respect of the maternity cover budget not used during the year; and
- £6,000 in respect of members allowances.

- **Challenge Implementation Fund (-£501,000)**

Expenditure charged to the Challenge Implementation Fund during 2017/18 amounted to £24,000. In accordance with the decision of the Leaders' Committee in December 2017 in setting the revenue budget for 2018/19, the underspend of £501,000 will be rolled into 2018/19, which together with a transfer from general reserves of £24,000 will replenish the available budget back up to the £525,000 level to be used in 2018/19. As Challenge related work is accelerated, the probable level of expenditure in 2018/19 is likely to be in line with this provision.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Other Income (-£325,000)**

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

- Income in respect of the London Summit (£22,000) and the Andy Ludlow Award (£22,000), offset by expenditure of £45,000;
- Additional income of £118,000 for the letting of meeting room facilities at Southwark Street, including £51,000 relating to charges for use by tenants;
- Income of £50,000 for GLEF/Regional Employers related courses and other associated work, offset by the cost of consultants engaged to deliver some of the courses of £16,000, leading to net additional income of £12,000;
- External contributions amounting to £63,127 towards research projects funded by the commissioning budget;
- A transfer of £99,000 from Grants Committee accumulated ESF reserves in respect of a projected income shortfall in respect of the borough ESF commissions, which are not administered by the Grants Committee; and
- A refund of £5,000 in respect of undersubscribed staff training courses.

- **Commissioning (-£267,000)**

Expenditure on commissioning and other priority work, including health, amounted to £333,000 for the year, leading to an underspend of £267,000 against the approved budget of £600,000. In addition, external contributions of £63,127 were received to co-fund specific projects undertaken during the year and this sum is included as part of other income in the bullet point above.

- **Central Recharge Income (-£109,000)**

Additional income in respect of central recharges of £109,000 has arisen, primarily due to changes in occupancy and/or actual consumption of supplies and services. A breakdown of the additional recharges broadly comprise of the following:

- Recharges to the TEC and Grants funding streams of £37,000;
- Recharges to externally funded projects of £5,000; and
- Recharges to tenants, including the Pension CIV, of £67,000.

- **Externally Funded Projects (+£344,000)**

A provision of £344,000 has been set up to cover potential shortfalls in claiming ESF grants in respect of administration costs for the current programme. Measures introduced during 2017/18 to mitigate the extent of potential further losses include the recruitment of an ESF technical advisor and a restructuring of the existing administration team to best support delivery of the programme and deliver efficiencies in terms of costs in the 2018/19 financial year.

- **Residual variances of £2,000.**

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Budget for 2018/19**

On 5 December 2017, the Leaders' Committee approved a total expenditure budget for 2018/19 of £63.293 million, exclusive of the borough payments of £323.316 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £2.296 million were also estimated to be £63.293 million, leaving a projected balanced budget for the year.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Committee's Responsibilities**

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future; and
- maintained such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2018 and of its income and expenditure for the year then ended.



F Smith CPFA
Director of Corporate Resources

18 September 2018

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2018, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'R. S. Ramsey', written in a cursive style.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2018

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

London Councils has approved and adopted a code of corporate governance in the form of a framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016. A copy of London Councils Corporate Governance Framework can be obtained from the Director of Corporate Governance at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code.

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioners model publications scheme and follows the definition for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and the agendas, reports, background papers and minutes of meetings are published under this scheme.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Measuring the performance of services** – The Committee produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 11 July 2017. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.
- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 11 July 2017. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 11 July 2017. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in September 2016. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2017. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **Audit Committee** –The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 11 July 2017. The Audit Committee meets three times a year and is chaired by a leading member from a borough who can be a member of the Executive. The members of the Audit Committee will normally, but not necessarily, be members of London Councils Leaders' Committee and are not members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.
- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2017/18.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2018/19

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2018/19:

Information Governance and Security

In 2017/18, London Councils established an action plan in preparation of the introduction of General Data Protection Regulations (GDPR)/Data Protection Act which came into force in the UK on 25 May 2018. A risk-based approach was adopted with priority given to high risk areas that required improvement. The improvement programme involved assisting teams with asset registers, risk assessments and registers, procedure notes, contract revisions, retention schemes, privacy notices, training and a revision of or introduction of corporate policies. London Councils appointed a Data Protection Officer in line with legislative requirements and established a GDPR Preparation Board to monitor the implementation of the action plan. Progress reports have been provided to the London Councils' Executive and Audit Committee in the last quarter of 2017/18. The improvements to information security controls will continue during 2018/19 to help embed a privacy by design culture.

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. The recommended improvements will be implemented during 2018/19.

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

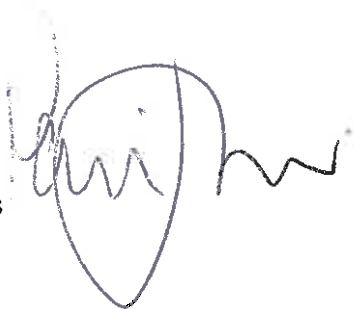
There are no significant governance issues.

John O'Brien
Chief Executive



18 September 2018

Cllr Peter John OBE
Chair of London Councils



18 September 2018

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

We have audited the financial statements of London Councils Joint Committee ('the Committee') for the year ended 31 March 2018 which comprise the Consolidated Comprehensive Income and Expenditure Statement, the Consolidated Balance Sheet, the Consolidated Movement in Reserves Statement, the Consolidated Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2018 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Director of Corporate Resources is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Director of Corporate Resources' responsibilities

As explained more fully in the statement set out on page 27, the Director of Corporate Resources is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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



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

21 September 2018

CONSOLIDATED EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Cost of Services						
London Councils Grants Committee	(412)	65	(347)	(8)	25	17
London Councils Transport and Environment Committee	(1,076)	377	(699)	(805)	135	(670)
London Councils Joint Committee	163	803	966	1,033	281	1,314
Net Cost of Services	(1,325)	1,245	(80)	220	441	661
Financing and investment income and expenditure	(86)	831	745	(89)	859	770
Deficit / (Surplus)	(1,411)	2,076	665	131	1,300	1,431
Opening Usable Reserve Balance	(12,510)			(12,641)		
Deficit / (Surplus)	(1,411)			131		
Closing Usable Reserve Balance	(13,921)			(12,510)		

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	7,636	(7,983)	(347)	8,657	(8,640)	17
London Councils Transport and Environment Committee	Appx B	44,977	(45,676)	(699)	44,106	(44,776)	(670)
London Councils Joint Committee	Appx C	9,336	(8,370)	966	9,511	(8,197)	1,314
Net Cost of Services		61,949	(62,029)	(80)	62,274	(61,613)	661
Financing and investment income and expenditure	7	837	(92)	745	865	(95)	770
Deficit on Provision of Services		62,786	(62,121)	665	63,139	(61,708)	1,431
Actuarial (gain)/loss on pension assets/liabilities	8			(4,020)			5,646
Other Comprehensive Income and Expenditure				(4,020)			5,646
Total Comprehensive Income and Expenditure				(3,355)			7,077

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

	2017/18			2016/17		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	12,510	(30,098)	(17,588)	12,641	(23,152)	(10,511)
Total Comprehensive Income and Expenditure	(665)	4,020	3,355	(1,431)	(5,646)	(7,077)
Adjustments between accounting basis and funding basis under regulations (note 6)	2,076	(2,076)	-	1,300	(1,300)	-
Increase/(Decrease)	1,411	1,944	3,355	(131)	(6,946)	(7,077)
Balance at 31 March	13,921	(28,154)	(14,233)	12,510	(30,098)	(17,588)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

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

	Note	31 March 2018	31 March 2017
		£000	£000
Property, Plant and Equipment	9	1,247	1,525
Intangible Assets	10	8	13
Long Term Assets		1,255	1,538
Short Term Debtors	11	7,515	5,668
Cash and Cash Equivalent	12	15,781	16,817
Current Assets		23,296	22,485
Short Term Creditors	13	(9,549)	(10,472)
Provisions	14	(208)	(197)
Current Liabilities		(9,757)	(10,669)
Long Term Creditors	15	(446)	(507)
Provisions	14	(562)	(446)
Other Long Term Liabilities	8	(28,019)	(29,989)
Long Term Liabilities		(29,027)	(30,942)
Net Liabilities		(14,233)	(17,588)
Usable Reserves	16	13,921	12,510
Unusable Reserves	18	(28,154)	(30,098)
Total Reserves		(14,233)	(17,588)

The notes on pages 42 to 72 form part of the accounts.



F Smith CPFA
Director of Corporate Resources

18 September 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18 £000	2016/17 £000
Net deficit on the provision of services	(665)	(1,431)
Adjustments to net deficit on the provision of services for non-cash movements	(332)	1,522
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(86)	(89)
Net cash flows from Operating Activities (note 19)	(1,083)	2
Investing Activities (note 20)	47	(37)
Net decrease in cash and cash equivalents	(1,036)	(35)
Cash and cash equivalents at 1 April	16,817	16,852
Cash and cash equivalents at 31 March	15,781	16,817

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decision about providing resources to it;
- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;
- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;
- The accrual basis of accounting;
- The following underlying assumptions;
 - Going concern basis.
- The following qualitative characteristics:
 - Relevance;
 - Materiality; and
 - Faithful representation.
- The following enhancing qualitative characteristics:
 - Comparability;
 - Verifiability;
 - Timeliness; and
 - Understandability.

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

The accounting policies have been consistently applied.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**b Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.6% (2016/17: 2.8%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

The Committee operates a defined contribution pension scheme for tribunal adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. A defined contribution scheme is a pension plan under which the Committee pays contributions to a separate pension provider. Once the contributions have been paid the Committee has no further payment obligations. The value of contributions are based on a percentage of the fees paid to adjudicators as set out in the relevant auto enrolment legislation. The contributions recognised as an expense when they are due. Amounts owed at the end of a financial year are recognised as accruals in the accounts. The assets of the scheme are held separately from the Committee in independently administered funds.

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**h Financial Instruments****Financial Liabilities**

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

Currently the Committee has no borrowings.

Financial Assets

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

i Government Grants and Contributions

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

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

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

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

j Intangible Assets

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

k Interest Income

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)****l Interest in Companies and Other Entities**

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

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

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

m Leases**Finance leases**

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

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

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

Operating leases

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

n Overheads

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**o Property, Plant and Equipment**

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

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

p Provisions

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

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

q Reserves

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

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

r Value Added Tax

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

2. Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) has introduced changes in accounting policies which will be required from 1 April 2018. If these had been adopted for the financial year 2017/18 there would be no material changes to the Committee's accounts as detailed below.

IFRS 9 Financial Instruments – This standard replaces *IAS39 Financial Instruments: Recognition and Measurement* and provides new guidance on the recognition, measurement, classification, impairment, derecognition and hedge accounting of financial instruments. This standard will not have a material impact on the accounts due to the nature of financial instruments held by the Committee.

IFRS 15 Revenue from Contracts with Customers – The standard specifies how and when an entity will recognise revenue as well as requiring reporting entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. This standard will not have a material impact on the accounts as member subscriptions and charges from the bulk of the Committee's income. However, the standard will result in increased disclosures in the accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting Standards that have been Issued but not yet adopted (continued)

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses – There has been an amendment to this standard to clarify when a deferred tax asset should be recognised for unrealised losses. This amendment will not have a material impact on the Committee's accounts as it does not have a deferred tax liability.

IAS 7 Statement of Cash Flows – There has been a narrow scope amendment to this standard which require entities to provide a reconciliation of the amounts in the opening and closing Balance Sheet for each item for which cash flows have been, or would be, classified as financing activities and disclose matters that are relevant to understanding the entity's liquidity, such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances. This amendment will not have a material impact on the Committee's accounts.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

Government Funding

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

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

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

The items in the Committee's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.688 million. However, the assumptions interact in complex ways. During 2016/17, Barnett Waddingham LLP advised that the net pensions liability had increased by £2.628 million as a result of a change in financial assumptions.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (continued)****Property, Plant and Equipment**

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

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £57,000 for every year that useful lives had to be reduced.

Provisions

The Committee has made a provision of £770,000 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £77,000 to the annual contribution to the provision.

Bad Debt Provision

At 31 March 2017, the Committee had a balance of accounts receivable debtors of £1.219 million. This amount excludes debts registered at the County Court. A review of these balances resulted in a calculation of a bad debt provision, based on historic loss experiences, of £13,000. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate the provision will have to be increased accordingly.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 18 September 2018. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. Note to the Consolidated Expenditure and Funding Analysis

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	61	4	65
Transport and Environment Committee	374	3	377
London Councils Core Joint Committee	784	19	803
Net Cost of Services	1,219	26	1,245
Financing and investment income and expenditure	831	-	831
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	2,050	26	2,076

Adjustments between funding and accounting basis during 2016/17:

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

7. Financing and Investment Income and Expenditure

	2017/18 £000	2016/17 £000
Interest Payable	6	6
Interest and Investment Income	(92)	(95)
Net Loss on Pension Scheme Assets/Liabilities (see note 8)	831	859
Total	745	770

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions**Defined Benefit Scheme**

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

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

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

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

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

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2016 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2018 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

Financial Assumptions

The financial assumptions as at 31 March 2018:

Assumptions as at:	31 March 2018 (% per annum)	31 March 2017 (% per annum)
RPI increases	3.3%	3.6%
CPI increases	2.3%	2.7%
Salary increases	3.8%	4.2%
Pension increases	2.3%	2.7%
Discount rate	2.6%	2.8%

These assumptions are set with reference to market conditions at 31 March 2018.

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

An estimate of the employer's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.3% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is a slightly higher deduction than at the last accounting date where it was assumed that that CPI was 0.9 % lower than RPI.

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

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

	31 March 2018	31 March 2017
Retiring today:		
Males	22.0	21.9
Females	24.6	24.5
Retiring in 20 years:		
Males	24.3	24.2
Females	26.9	26.8

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2018:

	At 31 March 2018		At 31 March 2017	
	£000	%	£000	%
Equities	32,226	61%	29,904	59%
Target return portfolio	11,811	22%	10,664	21%
Infrastructure	2,305	4%	2,657	5%
Property	3,793	7%	2,573	5%
Cash	2,567	5%	4,669	9%
	52,702	100%	50,467	100%

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

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Fair value of employer assets	52,702	50,467
Present value of scheme liabilities	(80,647)	(80,378)
Net Liability	(27,945)	(29,911)
Present value of unfunded liabilities	(74)	(78)
Net Liability in Balance Sheet	(28,019)	(29,989)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Service cost	1,758	1,256
Net interest on the defined liability	831	859
Administration expenses	66	53
Total	2,655	2,168

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

The reconciliation of the Defined Benefit Obligation at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Defined Benefit Obligation	(80,456)	(64,179)
Current service cost	(1,758)	(1,256)
Interest cost	(2,237)	(2,424)
Change in financial assumptions	2,628	(16,735)
Change in demographic assumptions	-	503
Experience loss on Defined Benefit Obligation	-	2,834
Estimated benefits paid net of transfers	1,496	1,227
Contributions by scheme participants	(399)	(431)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	(80,721)	(80,456)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Fair Value of Employer's Assets	50,467	41,153
Interest on assets	1,406	1,565
Return on assets less interest	1,392	6,896
Other actuarial gains	-	856
Administration expenses	(66)	(53)
Contributions by employer	605	851
Contributions by scheme participants	399	431
Estimated benefits paid plus unfunded net of transfers in	(1,501)	(1,232)
Closing Fair Value of Employer's Assets	52,702	50,467

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	79,033	80,721	82,447
Projected service cost	1,640	1,680	1,721
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	80,866	80,721	80,577
Projected service cost	1,680	1,680	1,680
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	82,304	80,721	79,172
Projected service cost	1,721	1,680	1,640
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	83,618	80,721	77,928
Projected service cost	1,734	1,680	1,628

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Return on plan assets in excess of interest	1,392	6,896
Other actuarial gains	-	856
Change in financial assumptions	2,628	(16,735)
Change in demographic assumptions	-	503
Experience gain/(loss) on defined benefit obligation	-	2,834
Re-measurements	4,020	(5,646)

The projections for the year to 31 March 2019 is as follows:

	31 March 2019
	£000
Service cost	1,680
Net interest on the defined liability	706
Administration expenses	69
Total	2,455
Employers contribution	593

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Pensions (continued)

Defined Contribution Scheme

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. The scheme is operated by Smart Pension and the amount recognised as an expense is as follows:

	2017/18 £000	2016/17 £000
Current period contributions	7	-

9. Property, Plant and Equipment

Movements in:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2017	1,142	1,931	3,073
Additions	19	20	39
Disposals	(74)	-	(74)
At 31 March 2018	1,087	1,951	3,038
At 1 April 2017	940	608	1,548
Charge for the year	88	229	317
Charge relating to Disposals	(74)	-	(74)
At 31 March 2018	954	837	1,791
Net Book Value			
At 31 March 2018	133	1,114	1,247
At 31 March 2017	202	1,323	1,525

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Property, Plant and Equipment (continued)

Comparative movements in 2016/17:

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

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

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

10. Intangible Assets

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

10. Intangible Assets (continued)

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

	31 March 2018 £000	31 March 2017 £000
Balance at start of year:		
Gross carrying amount	35	22
Accumulated amortisation	(22)	(21)
Net carrying amount at start of year	13	1
Additions	-	13
Disposals	-	-
Amortisation for the period	(5)	(1)
Net carrying amount at end of year	8	13
Comprising:		
Gross carrying amount	35	35
Accumulated amortisation	(27)	(22)
	8	13

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

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

11. Short Term Debtors

	31 March 2018 £000	31 March 2017 £000
Central government bodies	871	804
Other local authorities	2,381	2,683
Public corporations and trading funds	2,571	754
Other entities and individuals	1,692	1,427
Total	7,515	5,668

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.334 million (2016/17: £2.67 million), payments in advance of £1.75 million (2016/17: £1.632 million), other debtors of £3.528 million (2016/17: £1.518 million) offset by a bad debt provision of £97,000 (2016/17: £152,000).

12. Cash and Cash Equivalents

	31 March 2018 £000	31 March 2017 £000
Cash held by the Committee	61	1,807
Cash balances held by the City of London	15,720	15,010
Total	15,781	16,817

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

13. Short Term Creditors

	31 March 2018	31 March 2017
	£000	£000
Central government bodies	(20)	(8)
Other local authorities	(6,975)	(6,803)
NHS bodies	(196)	(367)
Public corporations and trading funds	(97)	(469)
Other entities and individuals	(2,261)	(2,825)
Total	(9,549)	(10,472)

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £3.915 million (2016/17: £3.103 million), receipts in advance of £3.708 million (2016/17: £3.966 million), accruals of £1.702 million (2016/17: £3.38 million) and other creditors of £224,000 (2016/17: £23,000).

14. Provisions

	Property Lease Provisions
	£000
Balance at 1 April 2017	(643)
Additional Provisions made in 2017/18	(121)
Unwinding of discount	(6)
Balance at 31 March 2018	(770)
Analysis of Total Provisions:	
	£000
Current	(208)
Non-current	(562)
Total Provision	(770)

The Company has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016 and March 2021 and dilapidation works to be carried out in March 2021. The external decoration work due in March 2016 has not been carried out.

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

15. Long Term Creditors

	31 March 2018	31 March 2017
	£000	£000
Other local authorities	(446)	(507)
Total	(446)	(507)

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

16. Usable Reserves

	31 March 2018	31 March 2017
	£000	£000
General Reserve	10,810	10,776
Specific Reserve	3,111	1,734
Total	13,921	12,510

17. Transfers to Specific Reserves

Transfers to the Specific Reserves during the year ended 31 March 2018:

	Balance at 1 April 2017 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2018 £000
2020 Freedom Pass Re-issue Reserve	1,734	-	1,377	3,111
Total	1,734	-	1,377	3,111

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

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

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

18. Unusable Reserves

	31 March 2018	31 March 2017
	£000	£000
Pensions Reserve	(28,019)	(29,989)
Accumulated Absences Reserve	(135)	(109)
Total	(28,154)	(30,098)

Pensions Reserve

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. Unusable Reserves (continued)

	2017/18		2016/17	
	£000	£000	£000	£000
Balance at 1 April		(29,989)		(23,026)
Actuarial (losses)/gains on pension assets and liabilities		4,020		(5,646)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,655)		(2,173)	
Employer's pensions contribution and direct payments to pensioners payable in the year	605	(2,050)	856	(1,317)
Balance at 31 March		(28,019)		(29,989)

Accumulated Absences Reserve

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

	2017/18		2016/17	
	£000	£000	£000	£000
Balance at 1 April		(109)		(126)
Settlement or cancellation of accrual made at the end of the preceding year	109		126	
Amounts accrued at the end of the current year	(135)		(109)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(26)		17
Balance at 31 March		(135)		(109)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

19. Cash Flow Statement – Operating Activities

	2017/18 £000	2016/17 £000
Deficit on Provision of Services	(665)	(1,431)
Adjusted for:		
Current Service Cost Adjustment	1,219	458
Depreciation	317	310
Amortisation of Intangible Assets	5	1
Net loss on Pension Scheme		
Assets/Liabilities	831	859
Provision for liabilities and charges	127	109
Increase in Debtors	(1,847)	(800)
(Decrease)/Increase in Creditors	(984)	585
Adjustments for non-cash movements	(332)	1,522
Interest Payable	6	6
Interest and Investment Income	(92)	(95)
Adjustments for investing and financing activities	(86)	(89)
Net cash flows from Operating Activities	(1,083)	2

20. Cash Flow Statement – Investing Activities

	2017/18 £000	2016/17 £000
Interest Payable	(6)	(6)
Interest and Investment Income	92	95
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(39)	(126)
Total	47	(37)

21. Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts payable under these arrangements during the year amounted to £1,137,000 (2016/17: £1,137,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2018 £000	31 March 2017 £000
Not later than one year	1,272	1,221
Later than one year and not later than five years	3,120	4,096
Later than five years	592	888
Total	4,984	6,205

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

22. Intragroup Transactions

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

	2017/18 £000	2016/17 £000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	505	471
Income	(505)	(471)
London Councils Limited recharge of Southwark Street costs to London Councils Joint Committee:		
Expenditure	164	157
Income	(164)	(157)
Grants Committee transfer of payments to boroughs to London Councils Joint Committee:		
Expenditure	99	-
Income	(99)	-

23. Members' Allowances

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

	2017/18 £000	2016/17 £000
Members' Allowances	199	197

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2017/18 £000	2016/17 £000
£50,000 - £54,999	5	4
£55,000 - £59,999	2	6
£60,000 - £64,999	6	-
£65,000 - £69,999	1	2
£70,000 - £74,999	2	3
£75,000 - £79,999	2	4
£80,000 - £84,999	2	2
£85,000 - £89,999	-	1
£90,000 - £94,999	1	1
£100,00 - £104,999	3	3
£105,000 - £109,999	-	1
£110,000 - £114,999	2	1
£120,000 - £124,999	-	1
£125,000 - £129,999	1	-
£150,000 - £154,999	1	1
£165,000 - £169,999	-	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2017/18 is as follows:

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive (John O'Brien)	149,955	2,999	-	152,954	18,354	171,308
Corporate Director, Policy and Public Affairs	125,411	-	-	125,411	15,049	140,460
Director, Corporate Governance	101,377	-	-	101,377	12,165	113,542
Director, Corporate Resources	101,377	-	-	101,377	12,165	113,542
Director, Transport and Mobility	113,120	-	-	113,120	13,574	126,694
Strategic Director, Young People Education and Skills, Community Services and Grants	92,740	-	-	92,740	11,129	103,869
Director, Communications	101,377	-	-	101,377	12,165	113,542
Total	785,357	2,999	-	788,356	94,601	882,957

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Officers' Remuneration (continued)

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**25. Termination Benefits**

There were termination payments of £9,351 included in the Comprehensive Income and Expenditure Statement for 2017/18 (2016/17: £71,000).

26. External Audit Costs

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

	2017/18 £000	2016/17 £000
Fees payable to KPMG LLP in respect of the audit of the Statement of Accounts:	36	36
	36	36

27. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2017/18 was £46.764 million (2016/17: £47.009 million). The total value of expenditure on secondment fees, rent, rates, professional fees and the distribution of grants paid to member boroughs during 2017/18 was £3.121 million (2016/17: £4.063 million). On 31 March 2018, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.35 million (2016/17: £2.406 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.42 million (2016/17: £7.017 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2017/18 was £10.135 million (2016/17: £9.919 million). The total value of expenditure on charges during 2017/18 was £29,000 (2016/17: £23,000). On 31 March 2018, the value of debtor balances owed by TfL amounted to £1.531 million (2016/17: £174,000) and there were no creditor balances owed to TfL (2016/17: £301,000).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

27. Related Parties (continued)**Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2017/18 amounted to £4.208 million (2016/17: £3.818 million). The total value of funding received from Central Government in 2017/18 amounted to £280,000 (2016/17: £305,000). On 31 March 2018, the value of debtor balances owed by central government bodies amounted to £870,000 (2016/17: £520,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £20,000 (2016/17: £7,000).

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and a member of London Councils Leaders Committee sits on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2017/18 was £628,000 (2016/17: £850,000). On 31 March 2018, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £1,000 (2016/17: £2,000).

28. Grant Commitments

The value of commitments in 2018/19 is £8.053 million. Included within these amounts is £1.88 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £940,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

29. Concessionary fares

These accounts do not include the amount of £324.181 million (2016/17: £333.94 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

29. Segmental Reporting

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

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2017/18

	Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services							
Borough commissioned services		6,054	(6,173)	(119)	7,458	(7,505)	(47)
ESF commissioned services		659	(1,255)	(596)	-	(517)	(517)
One off Payment to Boroughs		156		156	486	-	486
Cost of Services		6,869	(7,428)	(559)	7,944	(8,022)	(78)
Other Operating Expenditure		767	(555)	212	713	(618)	95
Financing and investment income and expenditure		42	(13)	29	46	(17)	29
(Surplus)/Deficit on Provision of Services		7,678	(7,996)	(318)	8,703	(8,657)	46
Re-measurement of the net defined liability				(274)			283
Other Comprehensive Income and Expenditure				(274)			283
Total Comprehensive Income and Expenditure				(592)			329

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2017/18

	Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services							
Freedom Pass and Taxicard services		33,858	(34,807)	(949)	33,511	(34,531)	(1,020)
Direct Services		9,215	(10,522)	(1,307)	9,201	(10,004)	(803)
One off Payment to Boroughs		340	-	340	340	-	340
Cost of Services		43,413	(45,329)	(1,916)	43,052	(44,535)	(1,483)
Other Operating Expenditure		1,564	(347)	1,217	1,054	(241)	813
Financing and investment income and expenditure		256	(20)	236	249	(1)	248
Surplus on Provision of Services		45,233	(45,696)	(463)	44,355	(44,777)	(422)
Re-measurement of the net defined liability				(732)			1,510
Other Comprehensive Income and Expenditure				(732)			1,510
Total Comprehensive Income and Expenditure				(1,195)			1,088

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2017/18

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

	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services						
Direct services	17	(17)	-	160	(160)	-
Externally Funded Projects	2,384	(2,040)	344	2,179	(1,845)	334
Improvement and Efficiency	154	(154)	-	178	(178)	-
Research and Commissioning	331	(331)	-	322	(322)	-
YPES Regional Activity	42	(180)	(138)	56	(180)	(124)
One-off Payment to Boroughs	330	-	330	825	-	825
Net Cost of Services	3,258	(2,722)	536	3,720	(2,685)	1,035
Other Operating Expenditure	6,846	(6,416)	430	6,420	(6,141)	279
Financing and investment income and expenditure	539	(59)	480	570	(77)	493
Deficit on Provision of Services	10,643	(9,197)	1,446	10,710	(8,903)	1,807
Re-measurement of the net defined liability			(3,014)			3,853
Other Comprehensive Income and Expenditure			(3,014)			3,853
Total Comprehensive Income and Expenditure			(1,568)			5,660

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2017/18 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services

- is expenditure of £669,000 (2016/17: £629,000) and income of £669,000 (2016/17: £629,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to the London Councils Joint Committee and London Councils Transport and Environment Committee; and
- is a transfer from the Grants Committee to London Councils Joint Committee in respect of payments to boroughs.

These amounts are removed on consolidation as follows:

	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Net Cost of Services	3,258	(2,722)	536	3,720	(2,685)	1,035
Other Operating Expenditure	6,846	(6,416)	430	6,420	(6,141)	279
	10,104	(9,138)	966	10,140	(8,826)	1,314
Recharge of premises costs	(669)	669	–	(629)	629	–
Transfer from Grants Committee to London Councils Joint Committee	(99)	99	–	–	–	–
Amount included in Consolidated Income and Expenditure Statement	9,336	(8,370)	966	9,511	(8,197)	1,314

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2017/18 £000	2016/17 £000
Staff costs	4,203	3,877
Premises costs	1,693	1,587
Other running costs	950	956
Total	6,846	6,420

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

Contingent

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

Creditors

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

GLOSSARY (continued)**Current Asset**

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Events after the reporting period

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

Fair Value

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

Fixed Assets

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

Historical Cost

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

Impairment

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

GLOSSARY (continued)**Intangible Assets**

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

Inventories

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

Levies

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

Material

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

Net Realisable Value

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

GLOSSARY (continued)**Prudence**

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

Recharges

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

Recoverable Amount

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

Related Parties

Two or more parties are related parties when at any time during the financial period:

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

Related Party Transaction

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

Remuneration

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

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision.

Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

GLOSSARY (continued)

Tangible Fixed Assets

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

Useful Life

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

VAT

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

LONDON COUNCILS GRANTS COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2018

LONDON COUNCILS – GRANTS COMMITTEE

Contents

	Page
Narrative Report to the Statement of Accounts	1-4
Statement of Responsibilities for the Statement of Accounts	5
Approval Certificate	6
Annual Governance Statement	7-12
Independent Auditor's Report	13-14
Expenditure Funding Analysis	15
Comprehensive Income and Expenditure Statement	16
Movement in Reserves Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Accounts	20-40
Glossary	41-45

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

REVIEW OF THE YEAR

Introduction

London Councils is committed to fighting for more resources for the capital and getting the best possible deal for London's 33 local authorities.

Much of our work consists of lobbying the government and others on behalf of our member councils, not just for a fair share of resources, but also to protect and enhance council powers to enable them to do the best possible job for their residents and local businesses.

We develop policy and do all we can to help our boroughs improve the services they deliver. We also run a range of services ourselves, all designed to make life better for Londoners.

London Councils Grants Committee

The London Councils Grants Programme commissions voluntary organisations through grants to provide specified services. The Programme operates under the London Boroughs Grants Scheme, which was established under Section 48 of the Local Government Act 1985. Each London Borough and the City of London contribute to the costs of the Programme on a per-capita basis. The Programme is overseen by the London Councils Grants Committee. Each borough and the City have a representative on the Committee. The Committee meets regularly to make decisions on grants policies, awards of grants, and oversight of the delivery of the Programme to secure full value for money.

The Programme is accounted for separately from other activities of London Councils.

Under the legislation, the City of London is the "designated council" for the scheme, and has the responsibility under S.151 of the 1972 Local Government Act for adequate financial administration for the scheme.

The London Councils Leaders' Committee sets the overall strategy for grants and the budget.

The 2017-21 Grants Programme

The financial year 2017/18 saw the start of the 2017-21 four-year programme, covering three priority areas:

Priority 1 Combatting Homelessness - £9.9million (over 4 years)

- Prevention and targeted intervention
- Youth homelessness
- Supporting the response to homelessness in London through support to voluntary sector organisations

Five projects are funded under this priority.

Priority 2 Tackling Sexual and Domestic Violence - £14.8million (over 4 years)

- Prevention (working with children and young people)
- Advice, counselling and support to access services
- Helpline, access to refuge provision/support and advice, data gathering on refuge provision and supporting regional coordination of refuge provision
- Emergency refuge accommodation and support, and alternative housing options to meet the needs of specific groups
- Strengthening support for frontline sexual and domestic violence workers
- Specifically targeted services for those affected by harmful practices (FGM, honour based violence, forced marriage and other harmful practices).

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Eight projects are funded under this priority.

Priority 3 Tackling Poverty through Employment - £3million (delivery started September 2016 and match-funded by the European Social Fund)

- Tackling poverty by promoting access to employment and training drawing on opportunities for match funding provided by boroughs working with London Councils and the European Social Fund
- Preparatory training and support to improve access to employment and further training opportunities for people not eligible for the Work Programme affected by long term conditions.

Six projects are funded under this priority.

The 2014-21 Programme will operate under the following principles agreed by the Leaders' Committee:

Principles

- Commissioning services that deliver effectively and can meet the outcomes specified by London Councils, rather than funding organisations
- Commissioning services where there is clear evidence of a need to complement existing provisions that support organisations deliver services
- Commissioning services where it is economical and efficient to deliver services on a London wide basis or where mobility is key to delivery of a service to secure personal safety
- Commissioning services that cannot reasonably be delivered locally, at a borough or sub-regional level
- Commissioning services that work with statutory and non-statutory partners and contribute to meeting the objectives of the Equality Act 2010.

London Funders

London Councils works closely with London Funders, reflecting the challenges of delivering services efficiently and attracting other funding for voluntary organisations in London. London Councils provides an annual subscription of £60,000 to London Funders on behalf of the London boroughs.

European Social Fund

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and to help raise standards of living. It aims to help people fulfil their potential by giving them better skills and better job prospects. London Councils receives ESF through the Greater London Authority, which operates within a framework set by the Department for Work and Pensions and the London Economic Action Partnership. Activities, outputs and results that contribute to the employment and skills priorities in the regional ESF framework are funded through the ESF programme.

Priority 3 of the Grants Committee's programme – tackling poverty through employment – is half funded by ESF. The six projects delivering this priority were commissioned in the summer of 2016.

Looking forward to 2018-19

We look forward to continuing to tackle the priorities set by Leaders' and Grants Committees in the coming year. We will do this by starting work on a mid-point review of the 2017-21 programme to better understand the impact of the projects and, where necessary, look to better realign projects to a changing landscape. We will manage the performance of these commissions and report to the Committee on a regular basis.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Financial Review**

The Committee's accounts for the 2017/18 financial year are set out over the following pages. They include:

- i) Statement of Responsibilities for the Statement of Accounts (page 5);
- ii) Expenditure and Funding Analysis (page 15);
- iii) Comprehensive Income and Expenditure Statement (page 16);
- iv) Movement in Reserves Statement (page 17);
- v) Balance Sheet (page 18);
- vi) Cash Flow Statement (page 19); and
- vii) Notes to the Accounts (page 20 - 40).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	8,899	7,636	(1,263)
Income	(8,668)	(7,983)	685
Net cost of services	231	(347)	(578)
Interest Expense	-	29	29
Deficit/(Surplus) for the year	231	(318)	(549)
Net Transfer from Reserves	(231)	(338)	(107)
Surplus for the year (including transfer from reserves)	-	(656)	(656)

The surplus of £656,000 is attributable to a surplus of £155,000 in relation to London Councils main grants programme and a surplus of £501,000 in the European Social Fund (ESF) match funded grants programme.

For the main grants programme, a breakeven position has been recorded in respect of the payments to providers of commissioned services for 2017/18. In addition, during the course of closing the 2016/17 accounts, liabilities of £755,000 relating to 25 outstanding payments due to commissions were set up. Payments of £636,000 have been released during 2017/18, with the residual £119,000 that has not been paid out being recycled through the revenue account and transferred back to reserves.

There is an underspend of £23,000 in relation to the administration of the main grants programme, attributable to an underspend of £18,000 in respect of salary costs and an underspend of £5,000 for general running costs and central recharges. In addition, a sum of £13,000 from investment income was been received during the year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

For the ESF matched funded commissions, the provisional surplus of £501,000 is attributable to the current ESF programme. The continued slippage for these commissions was reported to the Grants Committee in both November 2017 and March 2018. Performance has increased and improved over the last six months, so that payments to providers of £659,000 can now be recognised in the 2017/18 outturn figures. Due to the payment structure for ESF projects, higher levels of spend are recognised in the accounts towards the latter stages of projects, when outcomes (job entries and sustained jobs) can be verified. Similarly, a sum of £487,000 out of the £1 million boroughs contributions levied during 2017/18 can also be recognised as income in the provisional results for the year, along with £424,000 borough contributions treated as deferred income received during 2016/17. Administrative costs, estimated to be in the region of £155,000, have been incurred in respect of the new programme, for which ESF grant of £74,000 is expected to accrue in respect of eligible expenditure. This is included within the overall ESF grant income due for the year of £404,000. From 2018/19 onwards, no further borough contributions will be levied toward the cost of the ESF matched funded commissions. Residual expenditure in both 2018/19 and 2019/20 will be funded by provisional accumulated reserves of £1.92 million and through ESF grant accruing from eligible expenditure incurred.

The Balance Sheet shows that the General Fund reserve balance has increased from £2.018 million at the beginning of the year to £2.443 million at the year-end. A balance is held in the General Fund reserve for cash flow purposes.

Budget for 2018/19

On 5 December 2017, the Leaders' Committee approved a gross expenditure budget for 2018/19 of £8.668 million. An amount of £8.113 million related to payments to commissioned services, with the residual budget of £555,000 relating to management and administration expenditure. The London boroughs gave agreement to the budget by the statutory two-thirds majority before the end of January 2018.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Committee's Responsibilities**

The Committee is required to:

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

The Chamberlain of the City of London's Responsibilities

The Chamberlain of the City of London is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chamberlain of the City of London has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future; and
- maintained such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2018 and of its income and expenditure for the year then ended.



Dr Peter Kane CPFA
The Chamberlain, City of London

18 September 2018

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2018, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'R. Ramsey', is positioned above the printed name and title.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2018

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

London Councils has approved and adopted a code of corporate governance in the form of a framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016. A copy of London Councils Corporate Governance Framework can be obtained from the Director of Corporate Governance at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code.

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioners model publications scheme and follows the definition for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and the agendas, reports, background papers and minutes of meetings are published under this scheme.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Measuring the performance of services** – The Committee produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 11 July 2017. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.
- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 11 July 2017. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 11 July 2017. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in September 2016. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2017. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **Audit Committee** –The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 11 July 2017. The Audit Committee meets three times a year and is chaired by a leading member from a borough who can be a member of the Executive. The members of the Audit Committee will normally, but not necessarily, be members of London Councils Leaders' Committee and are not members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.
- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2017/18.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2018/19

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2018/19:

Information Governance and Security

In 2017/18, London Councils established an action plan in preparation of the introduction of General Data Protection Regulations (GDPR)/Data Protection Act which came into force in the UK on 25 May 2018. A risk-based approach was adopted with priority given to high risk areas that required improvement. The improvement programme involved assisting teams with asset registers, risk assessments and registers, procedure notes, contract revisions, retention schemes, privacy notices, training and a revision of or introduction of corporate policies. London Councils appointed a Data Protection Officer in line with legislative requirements and established a GDPR Preparation Board to monitor the implementation of the action plan. Progress reports have been provided to the London Councils' Executive and Audit Committee in the last quarter of 2017/18. The improvements to information security controls will continue during 2018/19 to help embed a privacy by design culture.

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. The recommended improvements will be implemented during 2018/19.

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

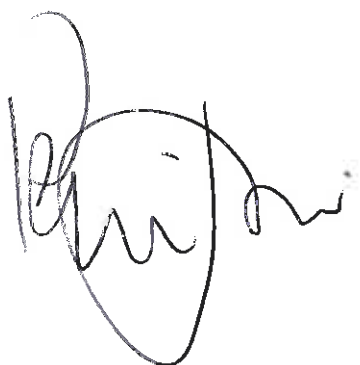
There are no significant governance issues.

John O'Brien
Chief Executive



18 September 2018

Cllr Peter John OBE
Chair of London Councils



18 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS GRANTS COMMITTEE**Opinion**

We have audited the financial statements of London Councils Grants Committee ("the Committee") for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2018 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chamberlain of the City of London is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chamberlain of the City of London's responsibilities

As explained more fully in the statement set out on page 5, the Chamberlain of the City of London is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS GRANTS COMMITTEE (continued)**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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



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

21 September 2018

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
Borough commissioned services	(119)	-	(119)	(47)	-	(47)
ESF commissioned services	(596)	-	(596)	(517)	-	(517)
One off Payment to Boroughs	156	-	156	486	-	486
Net Cost of Services	(559)	-	(559)	(78)	-	(78)
Other Operating Expenditure	147	65	212	70	25	95
Financing and investment income and expenditure	(13)	42	29	(17)	46	29
(Surplus)/Deficit on Provision of Services	(425)	107	(318)	(25)	71	46
Opening Usable Reserve Balance	(2,018)			(1,993)		
Surplus	(425)			(25)		
Closing Usable Reserve Balance	(2,443)			(2,018)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services							
Borough commissioned services		6,054	(6,173)	(119)	7,458	(7,505)	(47)
ESF commissioned services		659	(1,255)	(596)	-	(517)	(517)
One off Payment to Boroughs		156	-	156	486	-	486
Cost of Services		6,869	(7,428)	(559)	7,944	(8,022)	(78)
Other Operating Expenditure	7	767	(555)	212	713	(618)	95
Financing and investment income and expenditure	8	42	(13)	29	46	(17)	29
(Surplus)/Deficit on Provision of Services		7,678	(7,996)	(318)	8,703	(8,657)	46
Re-measurement of the net defined liability	9			(274)			283
Other Comprehensive Income and Expenditure				(274)			283
Total Comprehensive Income and Expenditure				(592)			329

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18			2016/17		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	2,018	(1,606)	412	1,993	(1,252)	741
Total Comprehensive Income and Expenditure	318	274	592	(46)	(283)	(329)
Adjustments between accounting basis and funding basis under regulations (note 6)	107	(107)	-	71	(71)	-
Increase/(Decrease)	425	167	592	25	(354)	(329)
Balance at 31 March	2,443	(1,439)	1,004	2,018	(1,606)	412

BALANCE SHEET AS AT 31 MARCH 2018

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

	Note	31 March 2018 £000	31 March 2017 £000
Short Term Debtors	11	1,440	909
Cash and Cash Equivalents	12	1,556	2,288
Current Assets		2,996	3,197
Short Term Creditors	13	(565)	(1,187)
Current Liabilities		(565)	(1,187)
Other Long Term Liabilities	9	(1,427)	(1,598)
Long Term Liabilities		(1,427)	(1,598)
Net Assets		1,004	412
Usable Reserves		2,443	2,018
Unusable Reserves	14	(1,439)	(1,606)
Total Reserves		1,004	412

The notes on pages 20 to 40 form part of the accounts.



Dr Peter Kane CPFA
The Chamberlain, City of London

18 September 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18	2016/17
	£000	£000
Net surplus/(deficit) on the provision of services	318	(46)
Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	(1,050)	31
Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	(13)	(17)
Net cash flows from Operating Activities (note 15)	(745)	(32)
Investing Activities (note 16)	13	17
Net increase/(decrease) in cash and cash equivalents	(732)	(15)
Cash and cash equivalents at 1 April	2,288	2,303
Cash and cash equivalents at 31 March	1,556	2,288

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies**a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decision about providing resources to it;
- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;
- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;
- The accrual basis of accounting;
- The following underlying assumptions;
 - Going concern basis.
- The following qualitative characteristics:
 - Relevance;
 - Materiality; and
 - Faithful representation.
- The following enhancing qualitative characteristics:
 - Comparability;
 - Verifiability;
 - Timeliness; and
 - Understandability.

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**b Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.6% (2016/17: 2.8%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)**

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

h Financial Instruments**Financial Liabilities**

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

Currently the Committee has no borrowings.

Financial Assets

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**i Government Grants and Contributions**

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

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

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

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

j Intangible Assets

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

k Interest Income

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

l Overheads

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

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

m Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

n Reserves

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

o Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) has introduced changes in accounting policies which will be required from 1 April 2018. If these had been adopted for the financial year 2017/18 there would be no material changes to the Committee's accounts as detailed below.

IFRS 9 Financial Instruments – This standard replaces *IAS39 Financial Instruments: Recognition and Measurement* and provides new guidance on the recognition, measurement, classification, impairment, derecognition and hedge accounting of financial instruments. This standard will not have a material impact on the accounts due to the nature of financial instruments held by the Committee.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting Standards that have been Issued but not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers – The standard specifies how and when an entity will recognise revenue as well as requiring reporting entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. This standard will not have a material impact on the accounts as member subscriptions and charges from the bulk of the Committee's income. However, the standard will result in increased disclosures in the accounts.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses – There has been an amendment to this standard to clarify when a deferred tax asset should be recognised for unrealised losses. This amendment will not have a material impact on the Committee's accounts as it does not have a deferred tax liability.

IAS 7 Statement of Cash Flows – There has been a narrow scope amendment to this standard which require entities to provide a reconciliation of the amounts in the opening and closing Balance Sheet for each item for which cash flows have been, or would be, classified as financing activities and disclose matters that are relevant to understanding the entity's liquidity, such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances. This amendment will not have a material impact on the Committee's accounts.

3. Critical Judgements in Applying Accounting Policies

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

The only critical judgement made in the Statement of Accounts is:

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

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

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

The items in the Committee's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £86,000. However, the assumptions interact in complex ways. During 2016/17, Barnett Waddingham LLP advised that the net pensions liability had increased by £134,000 as a result of changes in the financial assumptions.

5. Events After the Balance Sheet Date

The Statement of Accounts will be authorised for issue by the Director of Corporate Resources on 18 September 2018. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	61	4	65
Financing and investment income and expenditure	42	-	42
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	103	4	107

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

6. Note to the Expenditure and Funding Analysis (continued)

Adjustments between funding and accounting basis during 2016/17:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	26	(1)	25
Financing and investment income and expenditure	46	-	46
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	72	(1)	71

Pension adjustments – These adjustments relate to the removal of pension contributions and the addition of *IAS19 Employee Benefits* pension related expenditure and income as follows:

- **Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and
- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

Accumulated Absence adjustments – This adjustment relates to the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.

7. Other Operating Expenditure

	2017/18 £000	2016/17 £000
Staff costs	568	519
Premises costs	68	69
Other running costs	131	125
Total	767	713

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Financing and Investment Income and Expenditure

	2017/18 £000	2016/17 £000
Interest and Investment Income	(13)	(17)
Net loss on Pension Scheme Assets/Liabilities (see note 9)	42	46
Total	29	29

9. Pensions

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

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

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

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

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

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2016 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2018 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

Financial Assumptions

The financial assumptions as at 31 March 2018:

Assumptions as at:	31 March 2018 (% per annum)	31 March 2017 (% per annum)
RPI increases	3.3%	3.6%
CPI increases	2.3%	2.7%
Salary increases	3.8%	4.2%
Pension increases	2.3%	2.7%
Discount rate	2.6%	2.8%

These assumptions are set with reference to market conditions at 31 March 2018.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

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

An estimate of the employer's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.3% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is a slightly higher deduction than at the last accounting date where it was assumed that CPI was 0.9% lower than RPI.

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

Demographic and Statistical Assumptions

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

The assumed life expectations from age 65 are:

	31 March 2018	31 March 2017
Retiring today:		
Males	22.0	21.9
Females	24.6	24.5
Retiring in 20 years:		
Males	24.3	24.2
Females	26.9	26.8

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

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

The fair value of the pension scheme assets attributable to the Grants Committee at 31 March 2018:

	At 31 March 2018		At 31 March 2017	
	£000	%	£000	%
Equities	1,640	61%	1,594	59%
Target return portfolio	601	22%	568	21%
Infrastructure	117	4%	142	5%
Property	193	7%	137	5%
Cash	131	5%	249	9%
	2,682	100%	2,690	100%

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

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Fair value of employer assets	2,682	2,690
Present value of scheme liabilities	(4,105)	(4,284)
Net Liability	(1,423)	(1,594)
Present value of unfunded liabilities	(4)	(4)
Net Liability in Balance Sheet	(1,427)	(1,598)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Service cost	89	67
Net interest on the defined liability	42	46
Administration expenses	3	3
Total	134	116

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

The reconciliation of the Defined Benefit Obligation at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Defined Benefit Obligation	(4,288)	(3,465)
Current service cost	(89)	(67)
Interest cost	(114)	(129)
Change in financial assumptions	134	(892)
Change in demographic assumptions	-	27
Experience gain on defined benefit obligation	-	151
Estimated benefits paid net of transfers	76	65
Contributions by scheme participants	(20)	(23)
Adjustment arising from apportionment of pension liability	192	45
Closing Defined Benefit Obligation	(4,109)	(4,288)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Fair Value of Employer's Assets	2,690	2,222
Interest on assets	72	83
Return on assets less interest	71	368
Other actuarial gains	-	46
Administration expenses	(3)	(3)
Contributions by employer	31	45
Contributions by scheme participants	20	23
Estimated benefits paid plus unfunded net of transfers in	(76)	(66)
Adjustment arising from apportionment of pension liability	(123)	(28)
Closing Fair Value of Employer's Assets	2,682	2,690

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	4,023	4,109	4,197
Projected service cost	83	86	88
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	4,116	4,109	4,101
Projected service cost	86	86	86
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	4,189	4,109	4,030
Projected service cost	88	86	83
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	4,256	4,109	3,967
Projected service cost	88	86	83

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Return on plan assets less interest	71	368
Other actuarial gains on assets	-	46
Change in financial assumptions	134	(892)
Change in demographic assumptions	-	27
Experience gain on defined benefit obligation	-	151
Adjustment arising from apportionment of pension liability	69	17
Re-measurements	274	(283)

The projections for the year to 31 March 2019 is as follows:

	2018/19
	£000
Service cost	86
Net interest on the defined liability	36
Administration expenses	4
Total	126
Employers contribution	30

10. Capital Commitments

There are no contractual commitments for expenditure on Property, Plant and Equipment or Intangible Assets.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

11. Short Term Debtors

	31 March 2018	31 March 2017
	£000	£000
Central Government Bodies	4	-
Other Local Authorities	96	-
Public corporations and trading funds	315	63
Other entities and individuals	1,025	846
Total	1,440	909

Included within the debtor balances above are amounts owed by member boroughs £96,000 (2016/17 Nil), payments in advance of £1.025 million (2016/17: £846,000) and other debtors of £319,000 (2016/17: £63,000).

12. Cash and Cash Equivalents

	31 March 2018	31 March 2017
	£000	£000
Cash balances held by the City of London	1,556	2,288
Total	1,556	2,288

13. Short Term Creditors

	31 March 2018	31 March 2017
	£000	£000
Other local authorities	(512)	(423)
Other entities and individuals	(53)	(764)
Total	(565)	(1,187)

Included within the creditor balances above are accruals of £16,000 (2016/17: £764,000), receipts in advance of £512,000 (2016/17: £423,000) and other creditors of £37,000.

14. Unusable Reserves

	31 March 2018	31 March 2017
	£000	£000
Pensions Reserve	(1,427)	(1,598)
Accumulated Absences Reserve	(12)	(8)
Total	(1,439)	(1,606)

Pensions Reserve

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

14. Unusable Reserves (continued)

	2017/18 £000	£000	2016/17 £000	£000
Balance at 1 April		(1,598)		(1,243)
Actuarial gain/(loss) on pension assets and liabilities		274		(283)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(134)		(117)	
Employer's pensions contribution and direct payments to pensioners payable in the year	31	(103)	45	(72)
Balance at 31 March		(1,427)		(1,598)

Accumulated Absences Reserve

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

	2017/18 £000	£000	2016/17 £000	£000
Balance at 1 April		(8)		(9)
Settlement or cancellation of accrual made at the end of the preceding year	8		9	
Amounts accrued at the end of the current year	(12)		(8)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(4)		1
Balance at 31 March		(12)		(8)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

15. Cash Flow Statement – Operating Activities

	2017/18 £000	£000	2016/17 £000	£000
Surplus/(Deficit) on Provision of Services		318		(46)
Adjusted for:				
Current service cost adjustment	61		26	
Net loss on pension scheme assets/liabilities	42		46	
Increase in debtors	(531)		(909)	
(Decrease)/Increase in creditors	(622)		868	
Adjustments for non-cash movements		(1,050)		31
Interest and Investment Income	(13)		(17)	
Adjustments for investing and financing activities		(13)		(17)
Net cash flows from Operating Activities		(745)		(32)

16. Cash Flow Statement – Investing Activities

	2017/18 £000	2016/17 £000
Interest and Investment Income	13	17
Total	13	17

17. Members' Allowances

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

	2017/18 £000	2016/17 £000
Members Allowances	17	19

18. Officers' Remuneration

There are no employees whose remuneration (including termination payments but excluding employer's pension contributions) was £50,000 or more (2016/17: Nil).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Grants Committee are as follows:

- Director, Corporate Governance – 5% (2016/17: 5%)
- Strategic Director, Young People Education and Skills, Community Services and Grants – 14% (2016/17: 16%)
- Director, Communications – 11% (2016/17: Nil)

Senior officers remuneration during 2017/18

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Remuneration £	Total £
Director – Corporate Governance	5,069	-	608		5,677
Strategic Director, Young People Education and Skills, Community Services and Grants	12,984	-	1,558		14,542
Director, Communications	11,151	-	1,338		12,489
Total	29,204	-	3,504		32,708

Senior officers remuneration during 2016/17

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Remuneration £	Total £
Corporate Director – Services	13,503	10,101	1,596		25,200
Director – Corporate Governance	5,019	-	602		5,621
Strategic Director, Young People Education and Skills, Community Services and Grants	4,229	-	507		4,736
Total	22,751	10,101	2,705		35,557

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

19. Termination Benefits

There were termination payments of £9,351 (2016/17 £10,000) included in the Comprehensive Income and Expenditure Statement for 2017/18.

20. External Audit Costs

The Committee incurred the following amounts in relation to the audit of the Statement of Accounts:

	2017/18 £000	2016/17 £000
Fees payable in respect of the audit of the Statement of Accounts:		
Fees payable to KPMG LLP	2	2
	2	2

21. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' and Grants Committees. The total value of income from subscriptions recognised in the Comprehensive Income and Expenditure Statement from member boroughs during 2017/18 was £7.579 million (2016/17: £8.578 million). The total value of the one-off payment to boroughs during 2017/18 was £156,000 (2016/17: £486,000). On 31 March 2018, the value of debtor balances owed by member boroughs was £96,000 (2016/17: Nil) and the value of creditor balances owed to member boroughs (including receipts in advance) was £512,000 (2016/17: £423,000).

22. Grant Commitments

The value of commitments in 2018/19 is £8.053 million. Included within these amounts is £1.88 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £940,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

23. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils. A copy of the consolidated accounts for 2017/18 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

24. Segmental Reporting

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

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

Contingent

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

GLOSSARY (continued)**Creditors**

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Events after the reporting period

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

Fair Value

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

Fixed Assets

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

Historical Cost

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

GLOSSARY (continued)**Impairment**

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

Net Realisable Value

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

GLOSSARY (continued)**Prudence**

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

Recharges

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

Recoverable Amount

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

Related Parties

Two or more parties are related parties when at any time during the financial period:

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

Related Party Transaction

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

Remuneration

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

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision.

Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

GLOSSARY (continued)

Tangible Fixed Assets

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

Useful Life

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

VAT

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



**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE**

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2018

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

Contents

	Page
Narrative Report to the Statement of Accounts	1-13
Statement of Responsibilities for the Statement of Accounts	14
Approval Certificate	15
Annual Governance Statement	16-21
Independent Auditor's Report	22-23
Expenditure Funding Analysis	24
Comprehensive Income and Expenditure Statement	25
Movement in Reserves Statement	26
Balance Sheet	27
Cash Flow Statement	28
Notes to the Accounts	29-55
Glossary	56-60

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**REVIEW OF THE YEAR****Introduction**

London Councils Transport and Environment Committee (TEC) was formed on 1 April 2000 and first met on 20 June 2000. The responsibilities of TEC are as follows:

In the field of accessible transport, TEC is responsible for:

- negotiating and operating London's concessionary fares scheme for older and disabled people (Freedom Pass), giving free travel on London's TfL run services, such as Tube, bus and tram and most train services;
- operating the London Taxicard scheme, which provides subsidised taxi and private hire travel for people with mobility problems or who are severely visually impaired; and
- providing general, London-wide policies on accessible transport.

In the field of traffic and parking services, TEC brings together a number of functions, including:

- a statutory responsibility to set decriminalised traffic and parking penalties and other additional parking charges within London;
- a statutory responsibility to operate the Environment and Traffic Adjudicators (ETA) through London Tribunals (formerly PATAS), which allows individuals to appeal to an independent adjudicator over decriminalised environment, traffic and parking penalties and, under contract to the Greater London Authority (GLA), to provide the same service for the Road User Charging Adjudicators (RUCA);
- the operation of the Towing, Removal and Clamping Enforcement (TRACE) service, which provides 24 hour information on the recovery of towed-away vehicles;
- electronic link services between the London local authorities and the Traffic Enforcement Centre for the registration of traffic and parking enforcement debts;
- the operation of the Health Emergency Badge scheme, giving front line medical staff parking privileges when attending emergencies;
- general co-ordination of traffic and parking regulations and enforcement policies including the publication and maintenance of London-wide Codes of Practice;
- provision of advice and information on traffic and parking regulation and enforcement;
- operation and enforcement of the London Lorry Control Scheme, which controls use of residential roads by Heavy Goods Vehicles at night-time and weekends; and
- statutory responsibility under London Local Authorities Acts 2004 and 2007 for setting the level of a number of fixed penalties for some environmental, highways and public realm offences.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

TEC also aims to ensure that London boroughs' concerns and best practice are taken fully into account in the development and implementation of the whole range of transport and environment policies – in particular those developed by Government departments and the Mayor of London. It deals with a wide array of policy issues including those relating to rail, tube, buses, roads, walking and cycling, waste management, climate change, local environmental quality, energy and fuel poverty, air quality and flood risk management. London Councils' Leaders' Committee and its Executive consider transport and environment policy matters of strategic importance and the TEC Chair liaises closely with the Portfolio Holder for Infrastructure.

THE YEAR IN REVIEW**Mobility**

Around 1.2 million older and disabled London residents hold a Freedom Pass giving free travel on almost all London's public transport. London Councils is responsible for running the Freedom Pass scheme on behalf of the London local authorities.

On behalf of TEC during 2017/18 London Councils:

- Negotiated and agreed the Freedom Pass settlement for 2018/19 with Transport for London (TfL), successfully achieving an annual reduction in the settlement for the second year running;
- Negotiated and published the 2018/19 London Service Permit (LSP) Concessionary Scheme for Freedom Pass with local bus operators (non-TfL buses);
- Calculated and agreed the apportionment of 2018/19 Freedom Pass costs to boroughs;
- Undertaken the renewal of approximately 56,000 Freedom Passes which expired in March 2018 and a mid-term review of eligibility of pass holders with cards expiring in March 2020; and
- Negotiated and agreed a £150K refund from the Rail Delivery Group as compensation for the Southern Rail service disruption.

On behalf of the boroughs, London Councils runs the Taxicard service to approximately 62,000 people with severe mobility and visual impairments, offering subsidised taxi and private hire vehicle journeys.

On behalf of TEC during 2017/18, London Councils has:

- Successfully negotiated and agreed to maintain TfL funding for Taxicard at current levels plus inflation for 2018/19 in the face of significant budgetary pressures and proposed funding cuts; and
- Re-tendered the Taxicard delivery contract, working in partnership with TfL to jointly procure Taxi and private hire vehicle services for both Taxicard and Dial-a-Ride. The new contract, beginning in October 2018, will reflect the results of a consultation undertaken last year with all Taxicard members and which suggested a number of improvements to the service.

Parking and Traffic

The London Lorry Control Scheme continued to provide environmental benefits, particularly protection for residents' quality of sleep by controlling the movement of Heavy Goods Vehicles (HGVs) on residential roads at night-time and at the weekend. Improvements to administrative and enforcement processes has helped see further efficiencies in the running of the service, ensuring the scheme continues to be operated at no cost to the boroughs.

In 2017/18 on behalf of TEC, London Councils has:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continued to manage the London Lorry Control Scheme, issuing permits and enforcing to ensure compliance;
- Completed the most significant review of the London Lorry Control Scheme since its commencement over 30 years ago and agreed a series of recommendations with TEC; and
- Completed the implementation of a new back office case management computer system and website, which has involved the development of many system improvements and efficiencies.

More broadly, London Councils has helped deliver effective and consistent traffic and parking policies and operations in London on behalf of TEC during 2017/18:

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted a number of forums for front line providers;
- Represented borough interests at the following groups and forums:
 - London Freight Forum and Freight Forum Steering Group
 - London Technical Advisors Group (LoTAG) Transport
 - NESTA's Flying High Challenge
 - TfL's Lane Rental Governance Committee
 - Local Authority Partnership
 - BPA Council and Local Authority Special Interest Group
 - London Tourist Coach Action Plan Group
 - London Automotive Forum
 - TfL's Direct Vision Standard Project Board
 - Urban Freight Working Group;
- Reviewed and updated the parking contravention codes list;
- Competed and published a revised Parking Code of Practice;
- Worked with the BPA, helped launch the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner;
- Commissioned independent research to identify the range of benefits achieved through parking management backed up with quantitative and qualitative evidence;
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs;
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs;
- Worked with the BPA to progress the development of international open parking data standards; and
- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The TRACE service provides information on the whereabouts of towed vehicles to thousands of motorists across London. On behalf of TEC London Councils continues to manage and operate the TRACE service, seeing a significant take up of the online portal rather than use the telephone service.

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

London Tribunals

On behalf of TEC, in 2017/18 London Councils has:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators to enable them to fulfil their statutory duties in relation to approximately 50,000 appeals;
- Ensured the RUCA tribunal was ready to receive appeals in relation to the new Toxicity Charge introduced by TfL in October 2017; and
- Continued a move to more online digital service provision, introduced a new streamlined process for dealing with Statutory Declarations and Witnesses Statements.

The London European Partnership for Transport (LEPT)

The London European Partnership for Transport (LEPT) helps boroughs access European funding for transport projects. In 2017/18 we have:

- Continued to monitor European funding and knowledge exchange opportunities, and briefed boroughs accordingly;
- Secured TfL funding up to the end of March 2019;
- Coordinated a second stage bid on digital personalised travel planning, entitled PTP-Commute, under the Horizon 2020 call for proposals;
- Attended EU workgroups, seminars and conferences on a wide variety of sustainable transport issues; and
- Commenced a review of the LEPT service in light of the emerging implications of Brexit.

Transport and Environment Policy

The Committee considered and progressed a range of significant policy issues for the boroughs, including:

- Progressed the GULCS (Go Ultra Low City Scheme) project:
 - Generated expression of interest from 25 boroughs to take part in the first phase of electric vehicle charge point delivery;
 - Nine Neighbourhoods of the Future have now accessed GULCS funding and starting to deliver innovative schemes to improve the roll out of electric vehicles in London;
 - Continued to work with car clubs to install charging infrastructure in car club bays; and

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continued to work with TfL to deliver on the rapid charging programme;
- Influenced and then formally responded to two of the main Mayoral strategies; the Mayors Transport Strategy and London Environment Strategy;
- Liaised with the Mayor, Deputy Mayor for Transport and the TfL Commissioner after LIP funding cuts were announced, including a members briefing session with Val Shawcross;
- Obtained additional LIP funding of £11.6 million as well as secured the following commitments;
 - The Deputy Mayor to have individual discussions with each authority to discuss the impact of LIP funding reduction in their areas;
 - TfL confirmed that there would not be any in-year (2017/18) cuts;
 - Reinstatement of the Local Transport Fund of £100k;
 - Reinstatement of the training budget for boroughs, £300k overall; and
 - LIP guidance will be re-written;
- In conjunction with TfL jointly wrote the guidance and associated documents for Local Implementation Plans (LIPs);
- Responded to a number of consultations and enquiries from the Mayor, London Assembly, Government, National Infrastructure Commission and Thames Water ranging from air quality, the Ultra Low Emission Zone, the draft National Infrastructure Assessment, deposit return scheme, London's cycling infrastructure, Mayoral CIL, to Thames Water Business Plan and TfL's bus consultations;
- Published the 'Demystifying Air Pollution' report online;
- Undertook second year of air quality polling with results being reported in national press outlets; and
- Re-established joint working arrangements with the Thames Regional Flood and Coastal Committee (Thames RFCC) and its new chair and ensured the new Thames Flood Advisers are settled and support boroughs with the implementation of significant flood alleviation schemes.

Additionally, we:

- Contributed to London Councils wider responses to the Government's Industrial Strategy, the Mayor's London Plan and Housing Strategy;
- Organised a joint business event with London First and National Infrastructure Commission to discuss London's strategic infrastructure requirements;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Briefed Peers and MPs on issues important to London, such as air quality, strategic transport investment and electric charging infrastructure;
- Wrote to Ministers and the Secretary of State for Transport on behalf of London councils to:
 - Raise serious concerns in relation to the handling of the south eastern franchise;
 - Discuss major transport schemes that are required for the wider South East;
 - Highlight the difficulties in achieving housing delivery; and
 - Provide a policy context for lower recycling rates in London compared to the rest of the country.

TEC oversaw the production of a wide range of member briefings across the full range of transport and environment policy TEC covers.

Looking forward to 2017/18

On behalf of TEC, London Councils will:

- Engage effectively with the GLA Family to increase borough influence on the implementation of regional strategies, particularly the Mayor's Transport Strategy, Mayor's Environmental Strategy and London Plan;
- Ensure that London Councils TEC takes a leading role in the roll out by boroughs of transport initiatives, such as Electric Vehicle Charging (including rapid), Dockless Bicycles, Smart Mobility, demand responsive initiatives, car clubs and Healthy Streets to ensure borough's interests are maintained;
- Engage with TfL to ensure that the implementation of the new set of LIP Guidance is as collaborative in nature as was intended with the re-write;
- Engage with TfL's Business Planning processes early and effectively to ensure boroughs roles and responsibilities are adequately reflected;
- Strengthening the sub-regional partnerships by continuing to engage with boroughs and helping them to collaborate more effectively on sub-regional schemes, such as cycle ways and bus routes to ensure the best transport outcome for Londoners is achieved;
- Support boroughs to play a proactive role in tackling poor air quality and its health impacts in London, including through lobbying government and the Mayor; ensuring that boroughs are seen to be taking a lead, and are able to efficiently fulfil statutory requirements for monitoring, action planning and reporting on air quality;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Take part in Clean Air Day and undertaking the annual public polling on air quality issues;
- Influence Government's Resource and Waste Strategy and the revised Packaging Recovery system, ensuring an adherence to the waste strategy and no financial penalties for Local Authorities; and
- Work closely with LWARB and LEDNet to improve recycling rates and reduce littering and fly-tipping in London.

The Freedom Pass team will:

- Negotiate the Freedom Pass annual settlements with TfL and other bus operators;
- Calculate and agree the apportionment of Freedom Pass costs to boroughs;
- Consider and agree the implications of the opening of the Elizabeth line in terms of costs and acceptance of passes outside of London;
- Consider the implications of the introduction of Demand Responsive Transport services;
- Complete the mid-term review of passholders issued with 2020 passes to check continued eligibility for the scheme and avoid costs;
- Consider the business case for more frequent eligibility reviews to reduce fraudulent use and costs;
- Continue to review customer service provision to consider options for more channel shift towards digital and online services;
- Complete three National Fraud Initiative reviews to cancel deceased members' cards to prevent fraudulent use by others (an increase from two completed in previous years);
- Plan for the renewal of approximately 54K 2019 expiry passes;
- Launch an online portal for disabled person Freedom Pass applications; and
- Introduce the agreed increase from £10 to £12 lost and damaged pass replacement fee.

The Taxicard team will:

- Seek a longer term funding agreement with TfL;
- Start the new contract with the Taxi service supplier, introducing service improvements for card holders;
- Develop further co-ordination of Taxicard and Dial-a-ride schemes with TfL, including joint performance monitoring and reporting, complaints handling, application processing, and a single on-line portal;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Develop and implement a new online Taxicard application portal and process, with a more consistent approach across all boroughs and maximising the efficiencies through greater data sharing;
- Conduct a review of the Taxicard eligibility criteria;
- Continue to improve and enhance customer care;
- Complete regular reviews of usage, cancelling cards following 2 Years of inactivity; and
- Continue to work with TfL on their Assisted Travel Budget pilot schemes, consider and agree funding implications for Taxicard.

For the London Lorry Control Scheme, we will:

- Continue to implement the review recommendations, including:
 - production of a detailed action Plan;
 - a comprehensive signing review;
 - review and amendment of the Excluded Route Network (ERN);
 - development and implementation of a Communications Strategy and Plan;
 - improvements to scheme monitoring, involving traffic as well as enforcement data;
 - conduct ANPR enforcement pilot;
 - research potential changes to weight limit/hours and exemptions; and
 - feasibility of a Mapping/routing tool.
- Review and amend the scheme traffic order to bring Barnet back into the scheme (subject to 'Barnet's agreement) and integrate with the proposed TfL Direct Vision Standard Scheme;
- Seek to reintroduce London-wide Enforcement, subject to agreement from Hillingdon, Redbridge and Havering;
- Utilise new data base management system to improve performance monitoring and reporting;
- Retender or extend enforcement contract;
- Complete enforcement contract review to produce new specification in light of review recommendations; and
- Review and retender bailiff contracts alongside enforcement contract.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

On traffic and parking policies and operations, we will:

- Continue to provide highly valued advice and support to boroughs and represent their interests at relevant forums and meetings;
- Hold Traffic Control Liaison Committee meetings between TfL and boroughs as necessary, to review the formula for apportioning borough traffic signal costs and ensure boroughs are informed early of the apportionment amounts before agreement by TEC;
- Review and update the parking contravention codes list as necessary;
- Continue to provide debt registration services with the Traffic Enforcement Centre for the majority of London boroughs;
- React quickly to any new policy or legislative proposals, ensuring that boroughs are consulted and proactively lobby for change where necessary;
- Collate, analyse and publish London-wide enforcement and appeals statistics;
- Continue to work with the BPA and DfT regarding consistent open parking data standards and reform of TROs;
- Publish a Borough CCTV enforcement Code of Practice;
- Update the Civil enforcement Officer Handbook;
- Continue to support the Positive Parking Agenda, including the completion and publication of research into the benefits of parking management in London and the launch of a positive parking communications campaign;
- Develop and issue Red Route policy advice to boroughs;
- Review policy advice on the use of bus lanes by Ambulances and Immigration Services;
- Liaise with boroughs to consider the wider roll out of Lane Rental to better manage street works on the most important borough road networks;
- Continue to work with TfL on their Direct Vision Standard project; and
- Continue to work with TfL and NESTA on the London Flying High project.

The Health Emergency Badge scheme will be reviewed, to ensure the service is delivered as effectively and efficiently as possible. This will include consideration of: fraud and misuse; application processing and eligibility criteria; permits (virtual vs physical); costs and potential efficiencies; technological applications; communications and promotion; and integration with wider schemes (e.g. car clubs).

Take up of the online TRACE facility will continue to be monitored and promoted, as well as promoting electronic real time data transfer with all authority pounds where appropriate.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

In 2018/19 the LEPT service will:

- Continue to monitor European funding and knowledge exchange opportunities, and briefing Boroughs accordingly;
- Lead further bids on behalf of Boroughs, where resources allow, and finding appropriate bidding consortia for Boroughs;
- Complete a review of the future of LEPT in light of Brexit, involving borough consultation;
- Provide promotional services for boroughs and raise awareness of London best practice and current EU transport projects;
- Represent London boroughs on the POLIS management committee;
- Continue to harness the benefits of the POLIS network and other European forums (e.g. CIVITAS, ECF, ELTIS, Velo-City, EPOMM) developing stakeholder contacts for use in bidding consortia and best practice provision to boroughs; and
- Attend sub regional partnership panels and meetings in order to analyse borough and sub-regional priorities and link with EU project, best practice and funding opportunities.

The London Tribunals support service team will continue to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators. We will monitor and review systems and processes, implementing improvements and enhancements where necessary and providing training and support accordingly; and promote greater levels of channel shift to fully electronic online appeals.

The following cross-cutting priorities will apply to all TEC services in the current year:

- a focus on data protection, including a review all services and data assets in light of the new General Data Protection Regulation (GDPR) coming into force on 25 May 2018.
- a focus on better use and sharing of data to achieve service enhancements and efficiencies.
- a focus on customer service excellence, including continual review and improvement of all public facing services.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Financial Review

The Director of Corporate Resources has pleasure in presenting the accounts for 2017/18. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 14)
- Expenditure and Funding Analysis (page 24)
- Comprehensive Income and Expenditure Statement (page 25);
- Movement in Reserves Statement (page 26);
- Balance Sheet (page 27);
- Cash Flow Statement (page 28); and
- Notes to the Accounts (page 29 - 55).

Revenue expenditure

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

	Budget £000	Actual £000	Variation £000
Expenditure	45,343	44,977	(366)
Income	(44,488)	(45,676)	(1,188)
Interest income and expenditure	-	236	236
Deficit/(Surplus) for the year	855	(463)	(1,318)
Transfer from/to Reserves	(855)	(1,111)	(256)
Surplus for the year including transfer from reserves	-	(1,574)	(1,574)

A surplus on revenue activities of £463,000 has been posted for 2017/18 which, after a net transfer of £1.111 million from reserves has led to an overall surplus after net transfers from reserves of £1.574 million. The surplus is due to:

• **Freedom Pass non-TfL bus services (-£478,000)**

In December 2016, TEC approved a budgetary provision of £1.7 million for 2017/18 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. Claims from operators amounting to £1.213 million have been received and accepted for 2017/18, which has led to an underspend of £478,000, or 28%. This is broadly attributable to a 5.7% overestimate of the increase on the 2016/17 cost base, a 10.4% fall in journey volumes and 4% attributable to reimbursement agreements with new operators that took over the services from the existing operators, the terms of which were more favourable to London Councils. There was also a 7.9% reduction in the projected average trip fare of £3.90 to an actual unit fare of £3.59.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Net Freedom Pass survey and issue costs (-£377,000)**

The budget for the pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. For 2017/18, it also covered the cost of the mid-term review of pass eligibility. Total expenditure for 2017/18 is £1.296 million, of which £187,000 was spent on the mid-term review, leading to an underspend of £222,000. In addition, a sum of £777,000 was collected during 2017/18 in respect of replacement Freedom Passes, £177,000 in excess of the £600,000 budgetary provision, which reduces by £22,000 to £155,000 once bank charges are taken into account. In net terms, therefore, there was a surplus of £377,000, which, in accordance with approved TEC practice, will be transferred from the provisional surplus to the specific reserve created to fund the full 2020 freedom pass renewal process.

- **Net position on parking appeals (-£284,000)**

There is a net surplus of £284,000 in respect of environmental and traffic appeals. The number of appeals and statutory declarations represented by corresponding financial transactions posted in the accounts during the year was 42,557 against a budget of 40,586, generating income of £1.366 million, £171,000 more than the budget estimate of £1.195 million. In addition, there is an underspend of £147,000 in adjudicators costs, offset by additional contractor costs of £34,000. The throughput of appeals was 3.66 appeals per hour, compared to a budget figure of 2.76 and an actual figure of 2.5 appeals per hour for 2016/17.

- **London Tribunals Administration (-£172,000)**

The appeals Hearing Centre underspent the budget of £2.769 million by £172,000. There was a provisional underspend on ETA operations of £227,000, spread across salaries (£15,000), premises costs (£83,000), legal costs (£26,000) plus savings of £103,000 in respect of general office running costs and contract costs. Additional costs apportioned to RUCA operations, due to the increased proportion of RUCA appeals during 2017/18 amounted to £55,000 and is fully rechargeable to TfL/GLA.

- **Lorry Control Administration/PCN income (-£360,000)**

The administration of the London Lorry Control Scheme underspent the budget of £709,000 by £50,000. This is attributable to underspends on salary costs of £2,000, offset by additional premises costs of £5,000, additional central recharges of £21,000, additional general office costs of £5,000 and additional contract payments of £9,000. These overspends were offset by an underspend of £86,000 in respect of the review of LLC Scheme. At its meeting in July, the TEC Executive Sub-Committee was asked to approve the carry forward of the underspend on the review of the LLC Scheme of £86,000 into 2018/19. Much of the progress with the review recommended actions to be deferred until after the local elections. The signing review and trial of ANPR camera enforcement is now planned for this summer.

However, there was a significant overachievement in the collection of PCN income of £310,000 above the budgetary provision of £800,000, due to continued effective performance of the outsourced enforcement function meaning that transaction volumes continue to increase, leading to higher levels of debt actually being raised and collected. In addition, the continued development of the computer management system allows outstanding debt to be registered at the Court more quickly. Of the £1.194 million income due for the year, £105,000 has yet to be collected and has been registered with the County Court. A bad debt provision of £84,000 has been established in respect of this outstanding amount, in accordance with usual accounting practice. This is a reduction of £53,000 on the bad debt provision of £137,000 as at 31 March 2017, so the net surplus income increases to £363,000 for the year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Residual variances of +£97,000.

Budget for 2018/19

On 7 December 2017, the full TEC Committee approved a total expenditure budget for 2018/19 of £45.458 million, exclusive of the borough payment of £322.924 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources were estimated to be £45.458 million.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Committee's Responsibilities**

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future; and
- maintained such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2018 and of its income and expenditure for the year then ended.



F Smith CPFA
Director of Corporate Resources

18 September 2018

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2018, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'R. E. Ramsey', written in a cursive style.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2018

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

London Councils has approved and adopted a code of corporate governance in the form of a framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016. A copy of London Councils Corporate Governance Framework can be obtained from the Director of Corporate Governance at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code.

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

The governance framework

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

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioners model publications scheme and follows the definition for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and the agendas, reports, background papers and minutes of meetings are published under this scheme.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Measuring the performance of services** – The Committee produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 11 July 2017. There is an established protocol which provides guidance on the working relationships between elected members and officers. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.
- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed and the changes approved by Leaders' Committee on 11 July 2017. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 11 July 2017. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in September 2016. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2017. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **Audit Committee** –The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 11 July 2017. The Audit Committee meets three times a year and is chaired by a leading member from a borough who can be a member of the Executive. The members of the Audit Committee will normally, but not necessarily, be members of London Councils Leaders' Committee and are not members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.
- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2017/18.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2018/19

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2018/19:

Information Governance and Security

In 2017/18, London Councils established an action plan in preparation of the introduction of General Data Protection Regulations (GDPR)/Data Protection Act which came into force in the UK on 25 May 2018. A risk-based approach was adopted with priority given to high risk areas that required improvement. The improvement programme involved assisting teams with asset registers, risk assessments and registers, procedure notes, contract revisions, retention schemes, privacy notices, training and a revision of or introduction of corporate policies. London Councils appointed a Data Protection Officer in line with legislative requirements and established a GDPR Preparation Board to monitor the implementation of the action plan. Progress reports have been provided to the London Councils' Executive and Audit Committee in the last quarter of 2017/18. The improvements to information security controls will continue during 2018/19 to help embed a privacy by design culture.

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. The recommended improvements will be implemented during 2018/19.

ANNUAL GOVERNANCE STATEMENT (continued)

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

Significant governance issues

There are no significant governance issues.

John O'Brien
Chief Executive



18 September 2018

Cllr Peter John OBE
Chair of London Councils



18 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE**Opinion**

We have audited the financial statements of London Councils Transport and Environment Committee ('the Committee') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2018 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Director of Corporate Resources is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Director of Corporate Resources' responsibilities

As explained more fully in the statement set out on page 14, the Director of Corporate Resources is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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



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

21 September 2018

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
Freedom Pass and Taxicard services	(1,091)	142	(949)	(1,059)	39	(1,020)
Direct Services	(1,501)	194	(1,307)	(854)	51	(803)
One off Payment to Boroughs	340	-	340	340	-	340
Cost of Services	(2,252)	336	(1,916)	(1,573)	90	(1,483)
Other Operating Expenditure	1,176	41	1,217	768	45	813
Financing and investment income and expenditure	(20)	256	236	(1)	249	248
Surplus on Provision of Services	(1,096)	633	(463)	(806)	384	(422)
Opening Usable Reserve Balance	(5,075)			(4,269)		
Surplus or Deficit	(1,096)			(806)		
Closing Usable Reserve Balance	(6,171)			(5,075)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Cost of Services							
Freedom Pass and Taxicard services		33,858	(34,807)	(949)	33,511	(34,531)	(1,020)
Direct Services		9,215	(10,522)	(1,307)	9,201	(10,004)	(803)
One off Payment to Boroughs		340	-	340	340	-	340
Cost of Services		43,413	(45,329)	(1,916)	43,052	(44,535)	(1,483)
Other Operating Expenditure	7	1,564	(347)	1,217	1,054	(241)	813
Financing and investment income and expenditure	8	256	(20)	236	249	(1)	248
Surplus on Provision of Services		45,233	(45,696)	(463)	44,355	(44,777)	(422)
Re-measurement of the net defined liability	9			(732)			1,510
Other Comprehensive Income and Expenditure				(732)			1,510
Total Comprehensive Income and Expenditure				(1,195)			1,088

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

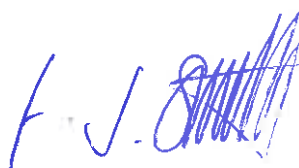
	2017/18			2016/17		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April	5,075	(8,749)	(3,674)	4,269	(6,855)	(2,586)
Total Comprehensive Income and Expenditure	463	732	1,195	422	(1,510)	(1,088)
Adjustments between accounting basis and funding basis under regulations (note 6)	633	(633)	-	384	(384)	-
Increase/(Decrease)	1,096	99	1,195	806	(1,894)	(1,088)
Balance at 31 March	6,171	(8,650)	(2,479)	5,075	(8,749)	(3,674)

BALANCE SHEET AS AT 31 MARCH 2018

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

		31 March 2018	31 March 2017
	Notes	£000	£000
Property, Plant and Equipment	10	720	827
Long Term Assets		720	827
Short Term Debtors	11	4,973	3,716
Cash and Cash Equivalents	12	3,798	4,221
Current Assets		8,771	7,937
Short Term Creditors	14	(3,357)	(3,723)
Current liabilities		(3,357)	(3,723)
Other Long Term Liabilities	9	(8,613)	(8,715)
Long Term Liabilities		(8,613)	(8,715)
Net Liabilities		(2,479)	(3,674)
Usable Reserves	15	6,171	5,075
Unusable Reserves	17	(8,650)	(8,749)
Total Reserves		(2,479)	(3,674)

The notes on pages 29 to 55 form part of the accounts.



F Smith CPFA
Director of Corporate Resources

18 September 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

	2017/18 £000	2016/17 £000
Net surplus on the provision of services	463	422
Adjustments to net surplus on the provision of services for non-cash movements	(886)	263
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(20)	(1)
Net cash flows from Operating Activities (note 18)	(443)	684
Investing Activities (note 19)	20	(5)
Net increase/(decrease) in cash and cash equivalents	(423)	679
Cash and cash equivalents at 1 April	4,221	3,542
Cash and cash equivalents at 31 March	3,798	4,221

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies**a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decision about providing resources to it;
- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;
- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;
- The accrual basis of accounting;
- The following underlying assumptions;
 - Going concern basis.
- The following qualitative characteristics:
 - Relevance;
 - Materiality; and
 - Faithful representation.
- The following enhancing qualitative characteristics:
 - Comparability;
 - Verifiability;
 - Timeliness; and
 - Understandability.

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)****b Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

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

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.6% (2016/17: 2.8%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

The Committee operates a defined contribution pension scheme for tribunal adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. A defined contribution scheme is a pension plan under which the Committee pays contributions to a separate pension provider. Once the contributions have been paid the Committee has no further payment obligations. The value of contributions are based on a percentage of the fees paid to adjudicators as set out in the relevant auto enrolment legislation. The contributions recognised as an expense when they are due. Amounts owed at the end of a financial year are recognised as accruals in the accounts. The assets of the scheme are held separately from the Committee in independently administered funds.

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)**h Financial Instruments****Financial Liabilities**

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

Currently the Committee has no borrowings.

Financial Assets

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

i Government Grants and Contributions

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

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

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

j Intangible Assets

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

k Interest Income

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

l Leases

Finance leases

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

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

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

Operating leases

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

m **Overheads**

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

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

n **Property, Plant and Equipment**

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

Assets are initially measured at cost, comprising:

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

1. Accounting Policies (continued)

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

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

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

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

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

o Reserves

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

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

p Value Added Tax

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

2. Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) has introduced changes in accounting policies which will be required from 1 April 2018. If these had been adopted for the financial year 2018/19 there would be no material changes to the Committee's accounts as detailed below.

IFRS 9 Financial Instruments – This standard replaces *IAS39 Financial Instruments: Recognition and Measurement* and provides new guidance on the recognition, measurement, classification, impairment, derecognition and hedge accounting of financial instruments. This standard will not have a material impact on the accounts due to the nature of financial instruments held by the Committee.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**2. Accounting Standards that have been Issued but not yet adopted (continued)**

IFRS 15 Revenue from Contracts with Customers – The standard specifies how and when an entity will recognise revenue as well as requiring reporting entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. This standard will not have a material impact on the accounts as member subscriptions and charges from the bulk of the Committee's income. However, the standard will result in increased disclosures in the accounts.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses – There has been an amendment to this standard to clarify when a deferred tax asset should be recognised for unrealised losses. This amendment will not have a material impact on the Committee's accounts as it does not have a deferred tax liability.

IAS 7 Statement of Cash Flows – There has been a narrow scope amendment to this standard which require entities to provide a reconciliation of the amounts in the opening and closing Balance Sheet for each item for which cash flows have been, or would be, classified as financing activities and disclose matters that are relevant to understanding the entity's liquidity, such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances. This amendment will not have a material impact on the Committee's accounts.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

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

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

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

The items in the Committee's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £519,000. However, the assumptions interact in complex ways. During 2016/17, Barnett Waddingham LLP advised that the net pensions liability had increased by £808,000 as a result of a change in financial assumptions.

Property, Plant and Equipment

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

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £15,000 for every year that useful lives had to be reduced.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 18 September 2018. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	145	(3)	142
Direct Services	189	5	194
One off Payment to Boroughs	-	-	-
Net Cost of Services	334	2	336
Other Operating Expenditure	40	1	41
Financing and investment income and expenditure	256	-	256
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	630	3	633

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

6. Note to the Expenditure and Funding Analysis (continued)

Adjustments between funding and accounting basis during 2016/17:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	37	2	39
Direct Services	52	(1)	51
One off Payment to Boroughs	-	-	-
Net Cost of Services	89	1	90
Other Operating Expenditure	44	1	45
Financing and investment income and expenditure	249	-	249
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	382	2	384

Pension adjustments – These adjustments relate to the removal of pension contributions and the addition of *IAS19 Employee Benefits* pension related expenditure and income as follows:

- **Freedom Pass and Taxicard services/Direct Services/Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and
- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

Accumulated Absence adjustments – This adjustment relates to the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.

7. Other Operating Expenditure

	2017/18 £000	2016/17 £000
Staff costs	1,125	827
Premises costs	86	89
Other running costs	353	138
Total	1,564	1,054

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

8. Financing and Investment Income and Expenditure

	2017/18 £000	2016/17 £000
Interest and Investment Income	(20)	(1)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	256	249
Total	236	248

9. Pensions

Defined Benefit Scheme

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

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

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

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

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

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**9. Pensions (continued)**

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

- **Investment risk.** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk.** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk.** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity risk.** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2016 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2018 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2018:

Assumptions as at:	31 March 2018 (% per annum)	31 March 2017 (% per annum)
RPI increases	3.3%	3.6%
CPI increases	2.3%	2.7%
Salary increases	3.8%	4.2%
Pension increases	2.3%	2.7%
Discount rate	2.6%	2.8%

These assumptions are set with reference to market conditions at 31 March 2018.

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

An estimate of the employer's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.3% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is a slightly higher deduction than at the last accounting date where it was assumed that that CPI was 0.9 % lower than RPI.

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

Demographic and Statistical Assumptions

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

The assumed life expectations from age 65 are:

	31 March 2018	31 March 2017
Retiring today:		
Males	22.0	21.9
Females	24.6	24.5
Retiring in 20 years:		
Males	24.3	24.2
Females	26.9	26.8

The following assumptions have also been made:

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

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2018:

	At 31 March 2018		At 31 March 2017	
	£000	%	£000	%
Equities	9,906	61%	8,690	59%
Target return portfolio	3,631	22%	3,099	21%
Infrastructure	709	4%	772	5%
Property	1,166	7%	748	5%
Cash	789	5%	1,357	9%
	16,201	100%	14,666	100%

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

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Fair value of employer assets	16,201	14,666
Present value of scheme liabilities	(24,791)	(23,358)
Net Liability	(8,590)	(8,692)
Present value of unfunded liabilities	(23)	(23)
Net Liability in Balance Sheet	(8,613)	(8,715)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Service cost	540	365
Net interest on the defined liability	255	249
Administration expenses	20	15
Total	815	629

The reconciliation of the Defined Benefit Obligation at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Defined Benefit Obligation	(23,381)	(19,017)
Current service cost	(540)	(365)
Interest cost	(688)	(704)
Change in financial assumptions	808	(4,863)
Change in demographic assumptions	-	146
Experience gain on defined benefit obligation	-	824
Estimated benefits paid net of transfers	460	357
Contributions by scheme participants	(123)	(125)
Unfunded pension payments	1	1
Adjustment arising from apportionment of pension liability	(1,351)	365
Closing Defined Benefit Obligation	(24,814)	(23,381)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Opening Fair Value of Employer's Assets	14,666	12,194
Interest on assets	432	455
Return on assets less interest	428	2,004
Other actuarial gains	-	249
Administration expenses	(20)	(15)
Contributions by employer	186	247
Contributions by scheme participants	123	125
Estimated benefits paid plus unfunded net of transfers in	(461)	(358)
Adjustment arising from apportionment of pension liability	847	(235)
Closing Fair Value of Employer's Assets	16,201	14,666

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	24,295	24,814	25,344
Projected service cost	504	516	529
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	24,858	24,814	24,769
Projected service cost	516	516	516
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	25,300	24,814	24,337
Projected service cost	529	516	504
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	25,704	24,814	23,955
Projected service cost	533	516	500

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2018 is as follows:

	At 31 March 2018	At 31 March 2017
	£000	£000
Return on plan assets in excess of interest	428	2,004
Other actuarial gains on assets	-	249
Change in financial assumptions	808	(4,863)
Change in demographic assumptions	-	146
Experience gain on defined benefit obligation	-	824
Adjustment arising from apportionment of pension liability	(504)	130
Re-measurements	732	(1,510)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Pensions (continued)

The projections for the year to 31 March 2019 is as follows:

	31 March 2019
	£000
Service cost	516
Net interest on the defined liability	217
Administration expenses	21
Total	754
Employers contribution	182

Defined Contribution Scheme

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. The scheme is operated by Smart Pension and the amount recognised as an expense is as follows:

	2017/18	2016/17
	£000	£000
Current period contributions	7	-

10. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2017	20	930	950
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	20	930	950
At 1 April 2017	5	118	123
Charge for the year	6	101	107
Charge relating to Disposals	-	-	-
At 31 March 2018	11	219	230
Net Book Value			
At 31 March 2018	9	711	720
At 31 March 2017	15	812	827

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

10. Property, Plant and Equipment (continued)

Comparative movements in 2016/17:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2016	17	927	944
Additions	3	3	6
Disposals	-	-	-
At 31 March 2017	20	930	950
At 1 April 2016	-	17	17
Charge for the year	5	101	106
Charge relating to Disposals	-	-	-
At 31 March 2017	5	118	123
Net Book Value			
At 31 March 2017	15	812	827
At 31 March 2016	17	910	927

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

11. Short Term Debtors

	31 March 2018 £000	31 March 2017 £000
Central government bodies	617	542
Other local authorities	2,134	2,557
Public corporations and trading funds	2,103	455
Other entities and individuals	119	162
Total	4,973	3,716

Included within the debtor balances above are amounts due from member boroughs (excluding payments in advance and bad debt provision) of £2.134 million (2016/17: £2.557 million), payments in advance of £165,000 (2016/17: £379,000), a bad debt provision of £86,000 (2016/17: £139,000) and other debtors of £2.76 million (2016/17: £919,000).

12. Cash and Cash Equivalents

	31 March 2018 £000	31 March 2017 £000
Cash held by the Committee	60	1,731
Cash balances held by the City of London	3,738	2,490
Total	3,798	4,221

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

13. Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £260,000 (2016/17: £260,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2018	31 March 2017
	£000	£000
Not later than one year	297	246
Later than one year and not later than five years	1,187	1,187
Later than five years	592	888
Total	2,076	2,321

14. Short Term Creditors

	31 March 2018	31 March 2017
	£000	£000
Central government bodies	(17)	(1)
Other local authorities	(1,761)	(1,794)
Public corporations and trading funds	(42)	(391)
Other entities and individuals	(1,537)	(1,537)
Total	(3,357)	(3,723)

Included within the creditor balances above are amounts due to member boroughs (excluding receipts in advance) of £1.158 million (2016/17: £1.075 million), receipts in advance of £98,000 (2016/17: £250,000), accruals of £1.477 million (2016/17: £2.201 million) and other creditors of £624,000 (2016/17: £197,000).

15. Usable Reserves

	31 March 2018	31 March 2017
	£000	£000
General Reserve	3,060	3,341
2020 Freedom Pass Re-issue Reserve	3,111	1,734
Total	6,171	5,075

16. Transfers to Specific Reserves

Transfers to the Specific Reserves during the year ended 31 March 2018:

	Balance at 1 April 2017 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2018 £000
2020 Freedom Pass Re-issue Reserve	1,734	-	1,377	3,111
Total	1,734	-	1,377	3,111

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

16. Transfers (from)/to Specific Reserves (continued)

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

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

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

17. Unusable Reserves

	31 March 2018 £000	31 March 2017 £000
Pensions Reserve	(8,613)	(8,715)
Accumulated Absences Reserve	(37)	(34)
Total	(8,650)	(8,749)

Pensions Reserve

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

17. Unusable Reserves (continued)

	2017/18 £000	£000	2016/17 £000	£000
Balance at 1 April		(8,715)		(6,823)
Actuarial gains or losses on pension assets and liabilities		732		(1,510)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(816)		(629)	
Employer's pensions contribution and direct payments to pensioners payable in the year	186	(630)	247	(382)
Balance at 31 March		(8,613)		(8,715)

Accumulated Absences Reserve

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

	2017/18 £000	£000	2016/17 £000	£000
Balance at 1 April		(34)		(32)
Settlement or cancellation of accrual made at the end of the preceding year	34		32	
Amounts accrued at the end of the current year	(37)		(34)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3)		(2)
Balance at 31 March		(37)		(34)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. Cash Flow Statement – Operating Activities

	2017/18 £000	£000	2016/17 £000	£000
Surplus on Provision of Services		463		422
Adjusted for:				
Current Service Cost Adjustment	374		133	
Depreciation	107		106	
Net return on Pension Scheme				
Assets/Liabilities	256		249	
(Increase)/Decrease in Debtors	(1,257)		58	
Decrease in Creditors	(366)		(283)	
Adjustments for non-cash movements		(886)		263
Interest and Investment Income	(20)		(1)	
Adjustments for investing and financing activities		(20)		(1)
Net cash flows from Operating Activities		(443)		684

19. Cash Flow Statement – Investing Activities

	2017/18 £000	2016/17 £000
Interest and Investment Income	20	1
Payment to Acquire Property, Plant and Equipment and Intangible Assets	-	(6)
Total	20	(5)

20. Members' Allowances

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

	2017/18 £000	2016/17 £000
Members' Allowances	19	19

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

21. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2017/18 £000	2016/17 £000
£50,000 - £54,999	1	-
£55,000 - £59,999	2	2
£60,000 - £64,999	2	-
£65,000 - £69,999	1	1
£70,000 - £74,999	2	2
£75,000 - £79,999	-	3
£80,000 - £84,999	1	1
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£110,000 - £114,999	2	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

21. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Transport and Environment Committee are as follows:

- Corporate Director, Policy and Public Affairs – 25% (2016/17: 25%)
- Director, Transport and Mobility 100% (2016/17: 100%)
- Director, Corporate Governance – 20% (2016/17: 20%)
- Director, Communications – 28% (2016/17 Nil) from April 2017

Senior officers remuneration during 2017/18

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Corporate Director, Policy and Public Affairs	31,353	-	3,762	35,115
Director, Transport and Mobility	113,120	-	13,574	126,694
Director, Corporate Governance	20,275	-	2,433	22,708
Director, Communications	28,386	-	3,406	31,792
Total	193,134	-	23,175	216,309

Senior officers remuneration during 2016/17

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Corporate Director, Policy and Public Affairs	31,042	-	3,725	34,767
Corporate Director, Services	47,280	35,367	5,588	88,235
Director, Transport and Mobility	109,198	-	13,104	122,302
Director, Corporate Governance	20,074	-	2,409	22,483
Total	207,594	35,367	24,826	267,787

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

22. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2017/18 (2016/17: £35,000).

23. External Audit Costs

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

	2017/18 £000	2016/17 £000
Fees payable in respect of the audit of the Statement of Accounts to KPMG LLP:	23	22
	23	22

24. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2017/18 was £32.007 million (2016/17: £31.571 million). The total value of expenditure paid to member boroughs during 2017/18, including the one-off payment from reserves, was £333,000 (2016/17: £338,000). On 31 March 2018, the value of debtor balances owed by member boroughs amounted to £2.134 million (2016/17: £2.361 million) and the value of creditor balances owed to member boroughs (including receipts in advance) amounted to £1.257 million (2016/17: £1.043 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2017/18 was £10.32 million (2016/17: £9.908 million). The total value of expenditure on charges during 2017/18 was £29,000 (2016/17: £23,000). On 31 March 2018, the value of debtor balances owed by TfL amounted to £1.531 million (2016/17: £174,000) and there were no creditor balances owed to TfL (including receipts in advance) (2016/17: £301,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Related Parties (continued)**Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2017/18 amounted to £4.205 million (2016/17: £3.818 million). On 31 March 2018, the value of debtor balances owed by central government bodies amounted to £617,000 (2016/17: £312,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £17,000 (2016/17: £1,000).

London Councils Limited

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £505,000 (2016/17: £471,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2018, the value of creditor balances owed to the group company was £505,000 (2016/17: £471,000).

25. Concessionary Fares

These accounts do not include the amount of £324.181 million (2016/17: £333.94 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

26. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils from 1 April 2000. A copy of the consolidated accounts for 2016/17 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

27. Segmental Reporting

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

GLOSSARY

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

Contingent

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

Creditors

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

GLOSSARY (continued)**Current Asset**

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Events after the reporting period

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

Fair Value

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

Fixed Assets

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

Historical Cost

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

Impairment

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

GLOSSARY (continued)**Intangible Assets**

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

Inventories

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

Levies

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

Material

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

Net Realisable Value

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

GLOSSARY (continued)**Prudence**

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

Recharges

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

Recoverable Amount

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

Related Parties

Two or more parties are related parties when at any time during the financial period:

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

Related Party Transaction

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

Remuneration

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

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision.

Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

GLOSSARY (continued)

Tangible Fixed Assets

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

Useful Life

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

VAT

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

Executive

Month 6 Revenue Forecast 2018/19

Item no: 6

Report by: Frank Smith **Job title:** Director of Corporate Resources
Date: 13 November 2018
Contact Officer: Frank Smith
Telephone: 020 7934 9700 **Email:** frank.smith@londoncouncils.gov.uk

Summary

This report summarises actual income expenditure recorded in the accounts as at 30 September 2018 (Month 6), provides a projected outturn figure for the year and highlights any significant forecast variances against the approved budget. A separate forecast is provided for each of London Councils three funding streams. The Executive is also provided with an update on London Councils reserves. The summary forecast outturn position is as follows:

	M6 Actual	Budget	Forecast	Variance
	£000	£000	£000	£000
Total expenditure	192,429	385,886	386,948	1,062
Total income	(191,046)	(383,460)	(385,473)	(2,013)
Use of reserves	-	(2,426)	(3,087)	(661)
Net deficit/(surplus)	1,383	-	(1,612)	(1,612)
Net expenditure by Committee				
Grants	203	-	(110)	(110)
Transport and Environment	1,304	-	(1,184)	(1,184)
Joint	(122)	-	(318)	(318)
Net deficit/(surplus)	1,385	-	(1,612)	(1,612)

Recommendations

The Executive is asked to note the overall forecast surplus as at 30 September 2018 (Month 6) of £1.612 million and note the position on reserves as detailed in paragraph 17.

Month 6 Revenue Forecast 2018/19

Introduction

1. London Councils revenue expenditure budget for 2018/19, as approved by the Leaders' Committee in December 2017 was £386.216 million. The budget was then adjusted to reflect the decision of TEC to bring forward underspends of £130,000 that arose in 2017/18 into the current year. In addition, the TEC budget was reduced by a further £463,000 on confirmation of the finalised funding available from boroughs and TfL for the Taxicard Scheme in 2018/19. Finally, the budget for the HR Metrics Service was increased by £3,000 to reflect revised service levels, making a revised expenditure budget for 2018/19 of £385.886 million.
2. The corresponding revenue income budget approved by the Leaders' Committee in December 2017 was £386.216 million, which included an approved transfer of £2.296 million from reserves. Additional transfers from reserves of £130,000 was made to cover carry forward expenditure (see paragraph 1), plus reduced Taxicard funding from the boroughs of £293,000 and from TfL of £170,000. Additional contributions from funders for the HR Metrics Service of £3,000 were also added to the budget in line with current service levels. Total revised income, therefore, is budgeted to be £385.886 million, of which £2.426 million is an approved transfer from reserves to produce a balanced budget for the year.
3. This report analyses actual income and expenditure after six month of the current financial year and highlights any significant variances emerging against the approved budget.
4. Table 1 below details the overall forecast position, with Tables 2-4 showing the position for the three separate funding streams.

Table 1 – Summary Income & Expenditure Forecast 2018/19, as at 30 September 2018.

	M6 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	2,509	5,419	5,239	(180)
Running Costs	1,819	3,555	3,484	(71)
Central Recharges	227	453	453	-
Total Operating Expenditure	4,555	9,427	9,175	(252)
Direct Services	4,372	8,168	9,068	900
Payments in respect of Freedom Pass and Taxicard	179,821	358,748	357,106	(1,642)
Commissioned grants services	3,006	6,173	6,093	(80)
London Funders Group	60	60	60	-
ESF commissions	492	1,880	4,159	2,279
Improvement and Efficiency work	-	240	175	(65)

YPES Regional/Provider Activities	34	50	50	-
Challenge Implementation Fund	-	525	525	-
Commissioning and Research	89	615	537	(78)
Total Expenditure	192,429	385,886	386,948	1,062
Income				
Contributions in respect of Freedom Pass and Taxicard	(179,336)	(358,885)	(357,916)	969
Borough contribution towards grant payments	(3,087)	(6,173)	(6,685)	(512)
Borough contribution towards YPES payments	(90)	(180)	(180)	-
Income for direct services	(3,921)	(8,674)	(10,004)	(1,330)
Core Member Subscriptions	(2,875)	(5,744)	(5,744)	-
Borough contribution towards LCP payments	(265)	(496)	(529)	(33)
Government Grants	(268)	(1,000)	(2,120)	(1,120)
Interest on Investments	(54)	(75)	(110)	(35)
Other Income	(165)	(264)	(305)	(41)
Central Recharges	(985)	(1,969)	(1,880)	89
Transfer from Reserves	-	(2,426)	(3,087)	(661)
Total Income	(191,044)	(385,886)	(388,560)	(2,674)
Net Expenditure	1,385	-	(1,612)	(1,612)
Applied to Funding Streams				
Grants Committee	203	-	(110)	(110)
Transport and Environment Committee	1,304	-	(1,184)	(1,184)
Joint Committee Functions	(122)	-	(318)	(318)
Net Expenditure	1,385	-	(1,612)	(1,612)

Revenue Forecast Position as at 30 September 2018 – Grants Committee

5. Table 2 below summarises the forecast outturn position for the Grants Committee:

Table 2 – Summary Forecast – Grants Committee

	M6 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	160	382	376	(6)
Running Costs	15	18	18	-
Central Recharges	78	155	155	-
Total Operating Expenditure	253	555	549	(6)
S.48 Commissioned services	3,006	6,173	6,093	(80)
S.48 ESF Commissioned services	492	1,880	4,159	2,279
London Funders Group	60	60	60	-
Total Expenditure	3,811	8,668	10,861	2,193
Income				
Borough contributions towards commissioned services	(3,087)	(6,173)	(6,685)	(512)

Borough contributions towards the administration of commissions	(248)	(495)	(495)	-
ESF Grant	(268)	(1,000)	(2,120)	(1,120)
Interest on Investments	(5)	-	(10)	(10)
Other Income	-	-	-	-
Transfer from Reserves	-	(1,000)	(1,661)	(661)
Total Income	(3,608)	(8,668)	(10,971)	(2,303)
Net Expenditure	203	-	(110)	(110)

6. The projected deficit of £110,000, is broadly split between the following:

- A projected underspend of £80,449 in respect of S.48 borough funded commissioned services relating to 2018/19 which largely relates to St Mungo Community Housing Association and Shelter;
- A projected underspend of £5,720 on Grant related staffing costs due to a vacancy within the team;
- A projected surplus of investment income of £10,000, not previously budgeted for; and
- There is also projected planned overspend in respect of anticipated payments made in respect of the S.48 ESF programme largely due to the timing of the programme, where expenditure is met by accumulated ESF reserves and ESF grant.

Revenue Forecast Position as at 30 September 2018 – Transport and Environment Committee

7. Table 3 below summarises the forecast outturn position for the Transport and Environment Committee:

Table 3 – Summary Forecast – Transport and Environment Committee

	M6 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	321	688	674	(14)
Running Costs	52	294	269	(25)
Central Recharges	56	111	111	-
Total Operating Expenditure	429	1,093	1,054	(39)
Direct Services	4,372	8,168	9,068	900
Research	11	40	37	(3)
Payments in respect of Freedom Pass and Taxicard	179,821	358,748	357,106	(1,642)
Total Expenditure	184,633	368,049	367,265	(784)
Income				
Contributions in respect of Freedom Pass and Taxicard	(179,336)	(358,885)	(357,916)	969
Income for direct services	(3,870)	(8,573)	(9,904)	(1,331)
Core Member Subscriptions	(51)	(97)	(97)	-
Government Grants	-	-	-	-
Interest on Investments	(10)	-	(20)	(20)
Other Income	(62)	(75)	(93)	(18)
Transfer from Reserves	-	(419)	(419)	-

Total Income	(183,329)	(368,049)	(368,449)	(400)
Net Expenditure	1,304	-	(1,184)	(1,184)

8. The projected surplus of £1,184,000 is made up of the following:

- A projected overall surplus of £213,000 in respect of TEC parking traded services, after considering an estimate of the level of borough/TfL/GLA usage volumes during the first six months of the year. This is attributable to a number of areas.
 - Firstly, there is a projected net surplus of £135,000 in respect of environmental and traffic appeals. This is made up of a surplus in appeals income of £69,000 and a net saving against budget of £66,000 on Northgate unit charges and adjudicator fees. The number of notice of appeals and statutory declarations received over the first half of the financial year amounts to 20,847, giving a projected number for the year of 41,694 which is 416 more than the budgeted figure of 41,278. The current indicative throughput of appeals is 3.43 appeals per hour, compared to a budget figure of 3.14.
 - Secondly, the transaction volumes for other parking systems used by boroughs and TfL over the first six months of the year are projected to result in a net surplus of £72,000; and
 - Finally, the Northgate fixed costs are forecasted to underspend by £6,000, which reflects a lower than anticipated inflation factor applied to the annual contract increase compared to when the budget was set.
- A projected marginal overspend in respect of employee costs. The cost of staff providing direct services (included within the direct services administration charge) is estimated to overspend by £11,000, although this is offset by an underspend on staffing costs attributable to non-operational and policy staff of £14,000.
- A projected underspend of £390,000 in respect of the £1.5 million budget for payments to independent bus operators. The Q2 claims from the bus operators showed a significant fall in journeys (12.2% compared to Q2 2017/18 and 8.5% compared to the average quarterly trips in 2017/18). The main factors driving the underspend are:
 - The increase of the eligibility age
 - The Mid-Term Review completed at the beginning of this year, where 34,000 passes were deactivated

- The wider trend to fewer bus journeys
 - The Provider base has expanded for the same number of routes but with a different timetable and fares
- A projected underspend of £4,000 in respect of the £1.518 million budget for the issuing/reissuing costs of Freedom Passes.
 - Based on income collected during the first half of the financial year, receipts from Lorry Control PCN income are forecast to exceed the budget by approximately £200,000 against the budget of £800,000.
 - Based on income collected during the first half of the financial year, income receipts from replacement Freedom Passes are forecast to exceed the budget of £684,000 by £302,000, which will be applied to into the TEC committee Specific Reserve.
 - A forecasted amount of interest on investments of £20,000

Revenue Forecast Position as at 30 September 2018 – Joint Committee Core Functions

9. Table 4 below summarises the forecast outturn position for the Joint Committee core functions:

Table 4 – Summary Forecast – Joint Committee core functions

	M6 Actual	Budget	Forecast	Variance
	£000	£000	£000	£000
Expenditure				
Employee Costs	2,028	4,349	4,189	(160)
Running Costs	1,752	3,243	3,197	(46)
Central Recharges	94	187	187	-
Total Operating Expenditure	3,874	7,779	7,573	(206)
Direct Services	-	-	-	-
Commissioning and Research	78	575	500	(75)
Improvement and Efficiency work	-	240	175	(65)
YPES Regional/Provider Activities	34	50	50	-
Challenge Implementation Fund	-	525	525	-
Total Expenditure	3,986	9,169	8,823	(346)
Income				
Income for direct services	(51)	(101)	(101)	-
Core Member Subscriptions	(2,576)	(5,152)	(5,152)	-
Borough contribution towards YPES payments	(90)	(180)	(180)	-
Borough contribution towards LCP payments	(265)	(496)	(529)	(33)

Government Grants	-	-	-	-
Interest on Investments	(39)	(75)	(80)	(5)
Other Income	(103)	(189)	(212)	(23)
Central Recharges	(985)	(1,969)	(1,880)	89
Transfer from Reserves	-	(1,007)	(1,007)	-
Total Income	(4,108)	(9,169)	(9,141)	28
Net Expenditure/(Income)	(122)	-	(318)	(318)

10. A projected surplus of £318,000 is forecast in respect of the joint committee core functions. Employee costs are projected to underspend by £160,000, primarily due to holding off recruiting to certain current vacant posts or vacant periods during recruitment campaigns.
11. From transactions processed during the first half of the year and potential future commitments, there are forecast underspends of £75,000 in respect of the commissioning budget and £65,000 in respect of improvement and efficiency work.
12. These two budget areas are subject to developing proposals following a direction of travel set by members during the course of the year. These costs are, therefore, liable to fluctuate as the year progresses as new priorities are identified and come on stream, thereby incurring in-year costs.
13. There is a forecasted surplus on income in respect of London Care Placements of £33,000. This is a result of additional non London Boroughs contributing to the scheme which were not included in the original budget. Any surplus will be held in order to fund the implementation of a new IT database.
14. There is a projected underspend of £46,000 on running costs. This is largely due to fluctuations in other premises costs and general supplies and services.
15. These are offset by a projected shortfall of £89,000 in respect of income from tenants.

Externally Funded Projects

16. The externally funded projects are estimated to have matched income and expenditure of just over £3.57 million for 2018/19, including funding for the borough (non S.48) ESF programme. This is based on a review of the indicative budget plans held at London Councils by the designated project officers, which confirms that there is no projected net cost to London Councils for running these projects during 2018/19. Any unspent external funds as at 31 March 2019 will be carried over to 2019/20 subject to funding agreements.

Reserves

17. The projected uncommitted reserves as at 31 March 2019 are estimated to be £8.889 million and are explored in more detail in paragraphs 54 to 62 of the draft proposed revenue budget 2019/20 report elsewhere on this meeting agenda.

Conclusions

18. This report highlights the projected outturn position for the current year, based on transactions undertaken up until 30 September 2018 (month 6), together with known future developments. At this point, a forecast underspend of £1.612 million is projected for 2018/19 across the three funding streams. Uncommitted reserves are currently projected to be just under £8.9 million by the end of the current financial year.
19. The next forecast will be presented to the Executive in February, which will highlight the projected position at the three-quarter year stage of the 2018/19 financial year.

Recommendations

20. The Executive is asked to note the overall forecast surplus as at 30 September 2018 (Month 6) of £1.612 million and note the position on reserves as detailed in paragraph 17.

Financial Implications for London Councils

No additional implications other than detailed in the body of the report.

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

None

Background Papers

London Councils Revenue Forecast File 2018/19

Executive

Proposed Revenue Budget and Borough Item no: 7 Subscriptions and Charges 2019/20

Report by: Frank Smith **Job title:** Director of Corporate Resources
Date: 13 November 2018
Contact Officer: Frank Smith
Telephone: 020 7934 9700 **Email:** frank.smith@londoncouncils.gov.uk

Summary Following discussions with the Chair of London Councils, this report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20. The report also updates the Executive on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process. Following consideration by this meeting, proposals will be submitted to the Leaders' Committee meeting on 4 December for final consideration and approval.

Recommendations The Executive is asked to recommend that the Leaders' Committee approve at their meeting on 4 December 2018 the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2019/20, no change on the charge of £161,958 for 2018/19 (paragraph 14);
- The proposed Joint Committee subscription for the MOPAC and the LFC of £15,410 for 2019/20, no change on the charge of £15,410 for 2018/19 (paragraph 15);
- An overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20 (inclusive of £241,000 gross ESF programme), a reduction of £1.759 million on the total budget of £8.668 million for 2018/19; and
- That taking into account the application of £58,000 ESF grant and £183,000 from earmarked Grants Committee reserves, net borough contributions for 2019/20 should be £6.668 million, the same level as for 2018/19 (paragraphs 16-19).

The Executive is also asked to recommend that the Leaders' Committee endorse the following subscription and charges for 2019/20 for TEC,

which will be considered by the TEC Executive Sub-Committee on 15 November, before being presented to the main meeting of TEC on 6 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2018/19 - £1,500) (paragraph 20);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2018/19 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2018/19 - £338,182); (paragraph 23);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2018/19 – no charge) (paragraph 24);
- The Parking Enforcement Service Charge of £0.3760 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2017/18 (2018/19 - £0.4226 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £28.75 per appeal or £25.08 per appeal where electronic evidence is provided by the enforcing authority (2018/19 - £30.63/£27.02 per appeal). For hearing Statutory Declarations, a charge of £23.23 for hard copy submissions and £22.50 for electronic submissions (2018/19 - £25.21/£23.53 per SD) (paragraphs 29-30);
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2018/19, under the new contract arrangement with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.53 per transaction (2018/19 - £7.53) (paragraphs 32-34);
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which is levied in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (2018/19 - £15.23) (paragraphs 32-34); and
- The TEC Charge of £0.175 per transaction (2018/19 - £0.175) (paragraphs 32-34).

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

- The provisional consolidated revenue expenditure budget for 2019/20 for London Councils of £385.173 million, as per Table 4 at paragraph 35 and Appendix A of this report;

- The provisional consolidated revenue income budget for 2019/20 for London Councils of £383.449 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Councils reserves of £1.724 million in 2019/20, as detailed in Table 12 at paragraph 55.

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

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, 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.
-

Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20

Introduction

1. This paper outlines the background and context to setting the London Councils budget for 2019/20 and sets out a proposed approach. It reflects the fact that the work agreed by the London Councils Executive in September 2016 to progress the London Councils Challenge process will continue into the second half of the current financial year, beyond the point at which the 2019/20 budget needs to be approved. This report also reflects the impact of a number of budgetary pressures that will impact on 2019/20, which are highlighted in detail at paragraph 2.

Budgetary pressures

2. There are a number of significant budgetary pressures that will impact on the London Councils revenue budget for 2019/20. These are:
 - The approved 2% officer pay award from April 2019 will add roughly £130,000 to the overall salaries bill for London Councils. In addition, a further 0.5% will need to be added to the base budget to cover the shortfall in respect of the provision for the 2018/19 pay award, amounting to £32,000;
 - Incremental drift relating to staff salary progression amounts to a net additional £3,000 in 2019/20; although for the Joint Committee there is a £35,000 estimated increase;
 - The outcome of the Local Government elections in May 2018 has led to the re-establishment of the Liberal Democrat Group advisor post, with a total cost in a full year of £50,000;
 - The member's allowances budget has been marginally deficient for a number of years and a further outcome of the Local Government elections has led to an increased number of shadow portfolio roles, with an overall additional cost in a full year of £46,000;
 - Additional depreciation costs of £71,000 will arise out of the cost of IT Transformation and Agile Working pilot projects expected to be completed by the end of 2018/19;
 - The relocation of the Pensions CIV with effect from November 2018 will lead to an annual loss of income of £267,000 in respect of the licence to occupy agreement and for the reimbursement of a range of central support services. A proportion of

this sum, estimated to be £162,000, will be recouped via the reapportionment of central costs across remaining LC services and functions; and

- CPI in the year to September 2018 is now running at 2.4%, meaning that 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.

3. Some savings/efficiencies have been identified from within existing approved resources to mitigate the overall effect of the above cost pressures. These include:

- The approval of the Executive in June 2018 to a new five-year lease with the City of London until March 2026 for the Southwark Street site has allowed the smoothed rent period to be increased, resulting in an annual saving of £51,000;
- Increasing the income generation target for hire of meeting rooms and associated facilities by £25,000 from £125,000 to £150,000 to reflect the outturn position achieved in recent times; and
- As detailed in paragraph 2, additional central recharge income of £162,000 is estimated to accrue to the Joint Committee through the reallocation of central costs previously apportioned to the Pensions CIV.

4. Setting aside the Grants and TEC funding streams, where there is more scope to cover the potentially smaller deficits arising from the above budgetary pressures, the scale of the problem becomes clearer in respect of the Joint Committee. For the first time since 2011/12, there is a projected deficit for the Joint Committee for 2019/20, amounting to £347,000.

5. Clearly, London Councils has made significant savings since 2011/12. If the proposals outlined in this report are agreed by the leaders' Committee in December, these will amount to £55.5 million, with a further £146.4 million relating to payments to commissions made by the Grants Committee, equating to £6.1 million per borough.

6. There are no currently identified additional savings or additional sources of income remaining in the pipeline that can reduce the above indicative deficit at this point, although, historically, the Joint Committee has always generated an in-year surplus on operations. As a separate report on this agenda illustrates, it is forecast to do so again in respect of the current financial year. However, a deficit budget cannot be proposed to the Leaders' Committee based on the continuing presumption that a surplus will actually

arise in 2019/20. Given the point reached both in relation to the process of revising London Councils priorities that members instigated in June 2018, as well as the London Councils Challenge implementation, a short term exercise to find savings to cover this projected amount does not appear to be the most efficient route forward. It would be preferable to take a wider, more strategic view of future savings and income generation in the context of those two pieces of work in twelve months' time.

7. Following discussion with the Chair of London Councils, it is recommended that the Executive ask that the Leaders' Committee agree that the increased projected deficit in 2019/20 of £347,000 is covered from uncommitted JC reserves. If agreed, the effect on the level of these reserves is fully outlined in Table 12 at paragraph 55. Estimated uncommitted JC reserves of £3.264 million would still remain should this option be agreed, which equates to 34.6% of estimated JC operating expenditure of £9.436 million for 2019/20. This is considered sufficient for London Councils to remain financially resilient to cover any future unforeseen events, as highlighted formally in paragraphs 60-61.
8. This should only be a short term position. Clearly 2019/20 will be a year of managing transition for the organisation, both in terms of the direction of travel relating to redefined priorities and the implementation of the outcomes of the London Councils Challenge work. There would be a need to work through this transitional year in a way that puts budgeted expenditure onto a sustainable footing for 2020/21 onwards. Budget proposals would need to be worked up for consideration by members in 12 months' time that explore options for either expenditure reductions, or additional income, or both. The outcome of the London Councils Challenge related work may well help in generating those options.
9. This report, therefore, proposes the level of borough subscriptions and charges to be levied in 2019/20, together with the indicative consolidated revenue income and expenditure budget for 2019/20. The proposals include:
 - A Joint Committee core subscription of £161,958 per borough, the same level as for 2018/19;
 - A TEC parking core administration charge of £1,500 per borough, the same level as for 2018/19;

- 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 2018/19;
- The continuation of the Challenge Implementation Fund of £525,000, funded from 2018/19 unspent funds carried forward, replenished by uncommitted joint committee reserves; and
- An overall reduction in the level of the proposed transfer from uncommitted reserves of £702,000, although the proposed transfer in respect of the Joint Committee increases by £347,000, as highlighted in paragraph 7. The total sum proposed to be transferred from uncommitted reserves, therefore, is a maximum of £1.724 million, compared to £2.426 million for the current year.

10. The timetable for the approval of the budget for 2019/20 following this meeting is as follows:

- 15 November - TEC Executive Sub-Committee considered the indicative budget and borough charges for 2019/20 and make recommendations to the main TEC Committee meeting on 6 December for approval;
- 21 November – Grants Committee considers and agrees the indicative grants budget and borough contributions for 2019/20, and makes recommendations to the Leaders' Committee meeting on 4 December for approval;
- 4 December - Leaders' Committee considers this report on the indicative consolidated budget and borough charges for 2019/20 (as amended by this meeting), and a separate report seeking approval of the grants budget and borough contributions for 2019/20. This report will include the indicative budget and borough charges for TEC which the Leaders' Committee is asked to endorse; and
- 6 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 2019/20. The views of the Leaders' Committee will be reported orally to the main TEC meeting.

Current position on core subscriptions and other charges

11. Members are reminded that since 2010/11 (covering the seven-year period between 2011/12 and 2018/19):

- The Joint Committee core subscription has been reduced by £96,005 or 37%;
- The TEC core parking subscription has been reduced by £500 or 25%;

- Payments for commissioned services funded by the Grants Committee have reduced from an annual average of £754,545 per borough to £188,879, an annual average reduction of £565,667 per borough or 75%;
- Payments for the administration of commissioned services have reduced from an average of £43,333 per borough to an average of £13,182, an average reduction of £30,152 per borough or 69.6%;
- The three main TEC administrations charges for direct services – Freedom Pass, Taxicard and Lorry Control, have reduced by between 8% and 100%; and
- The administration costs of the London Tribunal have reduced by £700,000 and savings of £2.3 million have been realised in respect of unit cost charges to boroughs for use of parking services, including appeals.

12. A further sum of £8.7 million has been repaid to member boroughs from uncommitted reserves over the period 2011/12 to 2018/19. 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 £47.9million, with an additional overall reduction of £127.7 million that relates to payments to commissions funded by the Grants Committee. The total accrued benefit to boroughs is, therefore, £175.668 million, an average of £5.32 million per borough. In addition, staffing numbers have reduced by 39% over this period.

Proposed borough subscriptions and charges

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

Joint Committee Core Subscription

14. As detailed in the first bullet point of paragraph 9 above, the proposed amount to be levied on member boroughs in respect of the JC core and associated functions in 2019/20 is £161,958, the same level as for 2018/19. This includes a sum of £5,455 per borough as a contribution towards the continued funding of the YPES.

15. In line with the overall standstill position, it is proposed that the Joint Committee subscription for the MOPAC and the LFC for 2019/20 is £15,410, the same level as for the current year. Following governance changes that came into effect on 1 April 2018, the LFC is yet to confirm its membership of London Councils.

Commissioned services funded by the Grants Committee 2019/20

16. The overall budget for commissioned services for the current year, as agreed by the Leaders' Committee in December 2017, is £8.668 million, inclusive of gross ESF expenditure of £2 million. At its meeting on 21 November 2018, the Grants Committee will be asked to agree to a S.48 borough funded grants programme of £6.668 million for 2019/20, which is the third year of the four-year programme of commissioned services agreed by the Leaders' Committee in March 2016, following recommendations by the Grants Committee.
17. In addition, a residual S.48 ESF programme of £241,000 will continue until the current scheduled end date of 30 June 2019. This will be funded from ESF grant and from residual funds held in Grants Committee reserves accumulated from borough contributions collected during the period 2015/16 – 2017/18.
18. Following consideration by the Grants Committee at its meeting on 21 November, the Leaders' Committee will be asked to approve the budget for the Grants Committee for 2019/20 as shown in the Table 1 below:

Table 1 – Indicative Grants Budget 2019/20

	2019/20 Indicative £000	2018/19 Actual £000	Variance £000
LC S.48 grants programme	6,233	6,233	-
LC S.48 ESF grants programme	102	1,880	(1,778)
Sub-Total	6,335	8,113	(1,778)
Grants Administration – LC S.48	435	435	-
Grants Administration – LC S.48 ESF	139	120	19
Total expenditure	6,909	8,668	(1,759)
Financed by:			
Borough contributions to grant payment	(6,173)	(6,173)	-
Borough contributions to grants administration	(495)	(495)	
Total borough contributions	(6,668)	(6,668)	-
ESF grant	(58)	(1,000)	942
Total Income	(6,726)	(7,668)	942
Transfer from Reserves	(183)	(1,000)	817
Net expenditure	-	-	-

19. 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 £241,000 relating to the residual commitments relating to the S.48 ESF commissioned services;
- An indicative gross commissions payments budget, therefore, of £6.335 million;
- A provision for grants administration of £574,000. This comprises of a sum of £435,000, or 6.5% (or 4% excluding central recharges of £167,000) for the S.48 borough programme of £6.668 million, reflecting the actual cost of the current contract management and monitoring arrangements for commissions. In addition, a sum of £139,000 has been earmarked to complete all residual tasks in respect of the winding up of the S.48 ESF commissioned services, including the submission of the final grant claims. This sum exceeds the £120,000 provision for the current year, which equates to 5.99% of the £2 million gross S.48 ESF commissions for 2018/19; and
- Borough contribution of £6.668 million, ESF grant income of £58,000 plus a £183,000 transfer from uncommitted reserves to fund the total expenditure requirement of £6.909 million; the borough contribution of £6.668 million will be apportioned in accordance with the ONS 2017 mid-year population data.

TEC Core Parking Subscription

20. 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 and systems charges, which are explored below.

TEC Direct Services

21. 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 2019/20, 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	2019/20 (£)	2018/19 (£)	Variance (£)	%
Freedom Pass	Per borough	Nil	Nil	-	-
Taxicard	Total	338,182	338,182	-	-
Lorry Control	Average	Nil	Nil	-	-

22. 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 2019/20 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.

23. 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 2019/20 is £338,182, no change on the total charge for 2018/19. This proposal includes the use of uncommitted Tec reserves of £102,000 to maintain the unit charge at this level. The active Taxicard membership as at 30 September 2018 has increased by 1,616 from 67,244 to 68,860 and this increase in the spreading base has, therefore, reduced the subsidised unit cost of a permit to from £5.03 to £4.91 per member.

24. 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 2019/20, the population data for 2017 is used. The total cost of administering the scheme is estimated to be £742,951 in 2019/20, compared to £706,738 in 2018/19. This figure includes a sum of £50,000 that has been retained in anticipation of further review and development of the scheme in 2019/20. After consideration of projected income of £900,000 from the enforcement of the scheme in 2019/20, it is proposed that there will be no borough or TfL contribution to the scheme in 2019/20, 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.

TEC Traded Services

25. 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.

26. 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 2019/20

Charge	2019/20 (£)	2018/19 (£)	Variance (£)	%
Parking Enforcement Service Charge (total charge)	0.3760	0.4226	(0.0466)	(11.0)
Environment and Traffic Adjudicators (ETA) Appeals (Hard Copy)	28.75	30.63	(1.88)	(6.2)
ETA Appeals (Electronic)	25.08	27.02	(1.94)	(7.2)
ETA Statutory Declarations (Hard Copy)	23.23	25.21	(1.98)	(7.8)
ETA Statutory Declarations (Electronic)	22.50	24.49	(1.99)	(8.1)
TRACE Electronic	7.53	7.53	-	-
TRACE Fax	7.70	7.70	-	-
TEC	0.175	0.175	-	-

27. The **Parking Enforcement Service Charge** is allocated to users in accordance with the number of PCNs issued. For 2019/20, expenditure of £2.687 million needs to be recouped, compared to £2.663 million for 2018/19. The marginal increase is primarily due to increased salary costs.

28. After top-slicing this amount for the estimated fixed costs of £575,000 attributable to the contract with the GLA/TfL in respect of road user charging appeals (RUCA), a total of £2.112 million remains to be apportioned through the 5.616 million PCN's issued by boroughs and TfL in 2017/18 in respect of parking, bus lane and moving traffic offences, compared to 5.126 million issued in 2016/17. The increase in the number of PCNs issued over the two comparative years increases the cost spreading base, which together with a

reduction in the total costs of the London Tribunal attributable to ETA appeals, leads to a reduction in the actual unit charge to boroughs and TfL of £0.0466 per PCN, or 11%, from £0.4266 to £0.376 per PCN for 2019/20. In addition, under the terms of the contract with Northgate, there is a separate fixed cost identified in respect of the borough use of the TRACE and TEC systems. For 2018/19, this sum was £92,000 and is estimated to increase to £94,000 in 2019/20. This sum will be apportioned to boroughs in accordance with volumes of transaction generated on each system by users.

29. The estimated volume of Environment and Traffic Adjudicators (ETA) appeals for 2019/20, based on indicative volumes to date in 2018/19, is 41,694, compared to the budgeted figure of 41,278 for the current year. The actual number of appeals represented by corresponding financial transactions posted in the accounts in 2017/18 was 42,557 including Statutory Declarations, Moving Traffic Offences and Lorry Ban Appeals.
30. The average throughput of appeals to date for the current year is 3.41 appeals heard per hour, compared to 3.14 appeals per hour when the current year's budget was set in December 2017. 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 continued system and service improvements that now feed through into the processing figures. Based on this forecast figure, it is proposed that the indicative hard copy unit ETA appeal cost for 2019/20 is £28.75, a reduction of £1.88 or 6.15% on the charge of £30.63 for 2018/19. For appeals where electronic evidence is provided by an enforcing authority, it is proposed that the unit cost will reduce by £1.94 or 7.18% to £25.04. 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 2018/19, boroughs will pay a differential charge for the processing of ETA statutory declarations. For hard copy statutory declarations, the proposed unit charge will be £23.23 compared to the charge of £25.21 for the current year, which represents a reduction of £1.98, or 7.84%. For electronic statutory declarations, the proposed unit charge will be £22.50, a reduction of £1.99, or 8.13% on the electronic appeal unit charge for the current year.
31. For RUCA Appeals, the estimated volume of appeals for 2019/20, based on current trends, is 9,158, compared to the budgeted figure of 7,800 for the current year. The actual number of RUCA Appeals dealt with in 2017/18, represented by corresponding

financial transactions posted in the accounts, including Statutory Declarations, was 11,326. This estimate is based on current volumes being processed and does not include the potential significant increase in volumes arising from the introduction of the Ultra-Low Emission Zone (ULEZ), which comes into effect on 8 April 2018. This will be subject to a separate report for consideration by TEC members. 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 associated with this contract is £575,000 for 2019/20; a £78,000 increase on the budgeted level of £497,000 for 2018/19, which is due to a forecast increase from the current 16% to 18% in the proportion of RUCA appeals in relation to the overall number.

32. 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 2018/19 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.
33. The estimated increase in expenditure between 2018/19 and 2019/20, due to the projected transaction volumes and contract price changes, is £19,624. However, the corresponding estimated effect on income, between 2018/19 and 2019/20, based on the current projected transaction volumes for 2018/19 is an increase of £83,692, leading to a net overall increase in budgeted income of £63,068.
34. 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 TEC Executive Sub-Committee has been asked to consider recommending 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 6 December.

Proposed revenue budget for 2019/20

35. Based on the proposed level of subscription and charges, as detailed in paragraphs 14-34 above, the proposed revenue budget position for 2019/20, 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 2019/20

	Joint Committee	Grants Committee	TEC	Total
	£000	£000	£000	£000
Indicative Expenditure	9,249	6,682	368,751	384,682
Central Recharges	187	227	77	491
Total Expenditure	9,436	6,909	368,828	385,173
Indicative Income	(6,218)	(6,726)	(368,641)	(381,585)
Central Recharges	(1,864)	-	-	(1,864)
Sub-total	(8,082)	(6,726)	(368,641)	(383,449)
Use of Reserves	(1,354)	(183)	(187)	(1,724)
Total Income	(9,436)	(6,909)	(368,828)	(385,173)
Indicative Net Position	-	-	-	-

36. The detailed breakdown of the proposed budgets for the Joint Committee, Grants Committee and TEC funding streams for 2019/20 is outlined in paragraphs 37-51 below.

Grants Committee

37. The provisional position for the Grants Committee for 2019/20 is as follows:

Table 5 – Indicative Grants Committee budget movements for 2019/20

	£000
Expenditure:	
Revised budget 2018/19	8,668
Proposed budget 2019/20	6,909
Budget Movement	(1,759)
Income	
Revised budget 2018/19	(8,668)
Proposed budget 2019/20	(6,909)
Budget Movement	1,759
Net Budget Movement	-
Developments - expenditure:	
Reduction in payments to S.48 ESF commissions	(1,778)
Increase in S.48 ESF administration costs	19
Total	(1,759)
Developments - income:	

Reduction in ESF grant income	942
Reduction in transfers from accumulated S.48 ESF reserves	817
Total	1,759
Net Budget Movement	-

38. Paragraph 19 above outlines the proposed budget breakdown for 2019/20 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 2019/20 is detailed in Table 6 below:

Table 6 – Indicative TEC budget movements for 2019/20

Expenditure:	£000
Revised budget 2018/19	11,705
Proposed budget 2019/20	12,778
Budget Movement	1,073
Income	
Revised budget 2018/19	(11,705)
Proposed budget 2019/20	(12,778)
Budget Movement	(1,073)
Net Budget Movement	-
Developments – expenditure:	
Increase in registration of parking debt at the County Court	1,000
Increase in Freedom Pass administration	13
Increase in Taxicard administration	27
Increase in Lorry Control administration	31
Increase in London Tribunals administration	12
Reduction in Health Emergency Badge administration	(6)
Increase in non-operational staffing costs	14
Volumes changes – adjudicators fees	(87)
Volume changes – Northgate variable costs	17
Increase in other running costs	2
Reduction in central recharges	(34)
Sub-Total	989
Inflation:	
Salary costs	71
Northgate contract costs	13
Other	-
Budget Movement on expenditure	1,073
Developments – income:	

Increase in registration of parking debt at the County Court	(1,000)
Increase in London Lorry Control Scheme PCN income	(100)
Volumes changes – appeals income	91
Volume changes – other parking services income	(82)
Increase in income for replacement Freedom Passes	(66)
Reduction in income for replacement Taxicards	3
Increase in income for fixed parking costs	(25)
Other adjustments	4
Proposed reduction in transfer from general reserve	102
Budget Movement on income	(1,073)
Net Budget Movement	-

40. The proposals for the level of subscription and charges for TEC related services in 2019/20, which are detailed in paragraphs 20-34 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 £322.334 million, representing a provisional reduction of £590,000, or 0.18%, on the figure of £322.924 million for 2018/19.

42. The budget in respect of the Rail Delivery Group (formerly ATOC) has been provisionally increased by £626,000 to £20.178 million to take into account the anticipated settlement for 2019/20, an increase of 3.2 % (July 2018 RPI) on the figure of £19.552 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 £1.3 million, following projections for 2019/20, based on the 2017/18 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 2018/19. For 2019/20, it is proposed that the budget remains at this level, which will include the cost of an annual pass eligibility review that yields significant cost savings to boroughs.

45. For income in respect of replacement Freedom Passes, current trends indicate that significant income continues to accrue, and in fact, increases. It is proposed to maintain the unit cost of a replacement pass of £12 from 1 April 2019 but to increase the budget target to £750,000 to reflect current trends. As stated in paragraph 22, the estimated cost

of the Freedom Pass administration scheme will be fully funded by this income stream in 2019/20.

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 £750,000 (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 £3.217 million (after considering a projected surplus of £306,000 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 meetings of the Leaders' Committee on 4 December and the main TEC Committee on 6 December; any late variations to these provisional figures will be tabled at these meetings.
48. A summary of the provisional freedom pass costs for 2019/20, 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 2019/20 is £345.330 million, compared to £345.494 million payable for 2018/19. This represents a reduction of £154,000 or 0.05%.

Table 7 – Comparative cost of Freedom Pass 2019/20 and 2018/19

Estimated Cost of Freedom Pass	2019/20(£000)	2018/19(£000)
TfL Settlement	322,334	322,924
ATOC Settlement	20,178	19,552
Non TfL Bus Operators Settlement	1,300	1,500
Freedom Pass Issue Costs	1,518	1,518
Total Cost	345,330	345,494

Taxicard

49. It is assumed that TfL will provide an estimated fixed contribution of £10.122 million for 2019/20, no change in the figure for 2018/19. The total borough contribution towards the Taxicard scheme in 2019/20 is estimated to be £2.116 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 2019. The indicative budgetary provision for the taxicard trips contract with CityFleet Networks Limited, will, therefore, be an amalgam of the TFL and borough funding, currently equating to £12.238 million for

2019/20, the same figure as for the current year. Members will be aware that this contract was recently retendered and the new pricing structure only becomes effective from 1 December 2018, so a number of factors could influence the final outturn position for 2019/20.

Joint Committee

50. The provisional position for the Joint Committee for 2019/20 is as follows:

Table 8 – Indicative Joint Committee budget movements for 2019/20

	£000
Expenditure:	
Revised budget 2018/19	9,169
Proposed budget 2019/20	9,436
Budget Movement	267
Income	
Revised budget 2018/19	(9,169)
Proposed budget 2019/20	(9,436)
Budget Movement	(267)
Net Budget Movement	-
Developments - expenditure:	
Increase in net salary costs	85
Increase in members allowances	46
Increase in depreciation provision	71
Net reduction in Southwark Street premises related costs	(40)
Sub-total	162
Inflation	
Salary costs	105
Other	-
Budget Movement on expenditure	267
Developments - income:	
Increase in use of reserves	(347)
Increase in room hire charges	(25)
Reduction in income from tenants	267
Increase in central recharges income	(162)
Total	(267)
Net Budget Movement	-

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

- **Increase in salary cost** - this covers the following salary related costs of the Joint Committee:
 - The approved 2% pay award for 2019/20 will add £85,000 to total salary costs. In addition, a further 0.5% will need to be added to the base budget to cover the shortfall in respect of the provision for the 2018/19 pay award, amounting to £21,000;
 - In addition, incremental salary drift is estimated to add a further £35,000 to the JC salaries budget for 2019/20;
 - The outcome of the Local Government elections in May 2018 has led to the re-establishment of the Liberal Democrat Group advisor post, with a total cost in a full year of £50,000; and
 - The member's allowances budget has been marginally deficient for a number of years and a further outcome of the Local Government elections has led to the re-establishment of a number of Liberal Democrat shadow portfolio leads, with an overall additional cost in a full year of £46,000.

- **Additional depreciation charge** – An additional charge of £71,000 is estimated to arise in 2019/20 in relation to capital expenditure incurred in respect of the IT Transformation project and the Agile Working pilot at Southwark Street during the second half of 2018/19.

- **Reduction in Southwark Street premises costs** – As agreed by the Executive in June 2018, the agreement of the new five-year lease with the City of London until March 2026 has allowed the smoothed rent period to be increased, resulting in an annual saving of £51,000, although this is offset by additional premises contract costs of £11,000;

- **Reduction in income from tenants** – the relocation of the Pensions CIV with effect from November 2018 will lead to an annual loss of income of £267,000 in respect of the licence to occupy agreement and for the reimbursement of a range of central support services.

- **Increase in central recharge income** – This additional income of £162,000 has arisen through the recharge of the increased depreciation costs arising in 2019/20, together with a the reallocation of a proportion of the income lost through the departure of the Pensions CIV, which has been spread across all remaining LC services and functions;

- **Increase in room hire income** - Increasing the income generation target for hire of meeting rooms and associated facilities by £25,000 from £125,000 to £150,000 reflects the outturn position achieved over the last two financial years;
- **Increase in proposed use of reserves** – the proposed transfer from Joint Committee reserves for 2019/20 is £1.354 million, a £347,000 increase on the figure of £1.007 million for the current year. This will cover the estimated deficit on Joint Committee functions, as detailed in paragraphs 2-8 above.

Externally Funded Projects

52. In addition to the proposed expenditure of £385.173 million for largely borough funded activity, expenditure on activities financed through external contributions is currently projected to be in excess of £3.5 million in 2019/20, with funding being received through various external sources to fully fund the projects, ensuring no cost to boroughs. Once confirmation of continued funding into 2019/20 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 2018	3,060	5,307	523	8,890
Specific/ESF reserve at 1 April 2018	3,111	-	1,920	5,031
Provisional reserves at 1 April 2018	6,171	5,307	2,443	13,921
Committed in setting 2018/19 budget	(289)	(1,007)	(1,000)	(2,296)
Balances c/f into 2018/19	(130)	-	-	(130)
Potential ESF grants commitments in				

2018/19- 2019/20	-	-	(661)	(661)
Provisional other commitments for 2019/20 -2020/21	(3,557)	-	-	(3,557)
Projected surplus/(deficit) for the year	1,184	318	110	1,612
Uncommitted reserves	3,379	4,618	892	8,889

54. The current level of commitments from reserves, as detailed in Table 10, come to £6.644 million and are detailed in full in Table 11 below:

Table 11– Current Commitments from Reserves

	2018/19	2019/20	2020/21	Total
	£000	£000	£000	£000
Balances b/f from 2017/18	130	-	-	130
Approved transfer from JC general reserves	382	-	-	382
Approved transfer from TEC general reserves	289	-	-	289
Slippage of ESG grants funding	1,661	-	-	1,661
Challenge Implementation Fund	525	-	-	525
Support to the health transition process	100	-	-	100
2020 Freedom Pass reissue	-	777	2,440	3,217
TEC priority projects	340	-	-	340
Totals	3,427	777	2,440	6,644

55. After taking into account the budget proposals outlined in this report and the recommended use of reserves of £1.724 million, the level of uncommitted reserves reduces to £7.165, as detailed in Table 12 below:

Table 12 - Estimated Uncommitted Reserves as at 1 April 2019

	Transport and Environment Committee (£000)		Joint Committee (£000)	Grants Committee (£000)		Total (£000)
	General	Specific	General	S.48	ESF	
Projected uncommitted reserves (Table 10)	3,379	-	4,618	633	259	8,889
Proposal included in 2019/20 budget figures	(187)	-	(1,354)	-	(183)	(1,724)
Transfer to Specific Reserves	-	-	-	-	-	-
Estimated residual uncommitted reserves	3,192	-	3,264	633	76	7,165

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 (priorities 1 and 2) 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 2019/20. The forecast level of uncommitted reserves of £633,000 is, therefore, in excess of this benchmark at 9.49% of the proposed budget. For S.48 ESF borough funded commissions, residual accumulated reserves of £76,000 relate to the current programme and will be used in full to discharge all liabilities as this programme is wound up after provider activity ceases on 30 June 2019. A sum of £183,000 is recommended for transfer to the revenue account in 2019/20 to fund the estimated residual ESF S.48 expenditure, based on current estimates. The Chair of the Grants Committee has indicated that he would like members of the Grants Committee Executive to consider options for the future level of Grants Committee reserves at its next meeting in February 2019, prior reporting the full Grants Committee at a later meeting.

57. For TEC, forecast uncommitted general reserves of £3.379 million as at 31 March 2019 reflects the forecast surplus of £1.184 million for the current year.
58. After taking into account the proposed use of general reserves of £187,000 in setting the proposed 2019/20 budget (all, subject to agreement of main TEC meeting on 6 December), uncommitted general reserves are forecast reduce to £3.192 million, or 25% of proposed operating and trading expenditure of £12.778 million. The TEC Executive Sub-Committee will be considering options for the level of uncommitted reserves in the short-term at its meeting on 15 November, with a view to making recommendations to the main TEC meeting in December.
59. For the Joint Committee functions, uncommitted general reserves are projected to be £3.264 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. This will also facilitate a period of transition for the organisation, both in terms of the direction of travel relating to redefined priorities and the implementation of the outcomes of the London Councils Challenge work. However, the budget for the Joint Committee activities will need to return to a more sustainable footing for 2020/21 onwards, with options worked up for consideration by members in 12 months' time that consider either expenditure reductions, or the generation of additional income, or both.
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 £1.724 million for 2019/20, as detailed in this report, residual uncommitted reserves would reduce to £7.165 million. This would represent 30.7% of total operating and trading expenditure in 2019/20 of £23.312 million. The comparable figures reported to the Executive 12 month ago was projected uncommitted reserves of £5.854 million, which equated to 26.7% of provisional operating and trading expenditure of £21.951 million for 2018/19. Despite the proposed increased call on Joint Committee reserves for 2019/20, this position maintains the desire expressed at recent meetings of the Executive for a healthy 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 2019/20.

Conclusions

62. Following discussions with the Chair of London Councils, this report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20. The report also updates the Executive on the current level of London Councils reserves after considering all current and proposed commitments, including the use of additional Joint Committee reserves of £347,000 in 2019/20, plus the timetable for the overall budget approval process. Following consideration by this meeting, proposals will be submitted to the Leaders' Committee meeting on 4 December for final consideration and approval.

Summary

63. This report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20.

64. The subscription and budget proposals for 2019/20 relating to the Grants Committee, as contained in this report, will be considered by the Grants Committee at its meeting on 21 November. The Grants Committee will be asked to recommend that the Leaders' Committee approve the proposals as laid out in this report on 4 December.

65. The subscription and budget proposals for 2019/20 relating to the Transport and Environment Committee will be considered by the TEC Executive Sub-Committee at its meeting on 15 November and will be put before the main TEC meeting on 6 December for final approval. The Executive is, therefore, asked to recommend that the Leaders' Committee endorse the provisional TEC figures as laid out in this report, at its 4 December meeting.

Recommendations

66. The Executive is asked to recommend that the Leaders' Committee approve at their meeting on 4 December 2018 the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2019/20, no change on the charge of £161,958 for 2018/19. (paragraph 14);
- The proposed Joint Committee subscription for the MOPAC and the LFC of £15,410 for 2019/20, no change on the charge of £15,410 for 2018/19 (paragraph 15);
- An overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20 (inclusive of £241,000 residual gross ESF programme), which represent a £1.759 million reduction on the total budget of £8.668 million for 2018/19; and
- That taking into account the application of £58,000 ESF grant and £183,000 from earmarked Grants Committee reserves, net borough contributions for 2019/20 should be £6.668 million, the same level as for 2018/19 (paragraphs 16-19).

67. The Executive is also asked to recommend that the Leaders' Committee endorse the following subscription and charges for 2019/20 for TEC, which will be considered by the TEC Executive Sub-Committee on 15 November, before being presented to the main meeting of TEC on 6 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2018/19 - £1,500) (paragraph 20);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2018/19 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2018/19 - £338,182); (paragraph 23);

- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2018/19 – no charge) (paragraph 24);
- The Parking Enforcement Service Charge of £0.3760 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2017/18 (2018/19 - £0.4226 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £28.75 per appeal or £25.08 per appeal where electronic evidence is provided by the enforcing authority (2018/19 - £30.63/£27.02 per appeal). For hearing Statutory Declarations, a charge of £23.23 for hard copy submissions and £22.50 for electronic submissions (2018/19 - £25.21/£23.53 per SD) (paragraphs 29-30);
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2018/19, under the new contract arrangement with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.58 per transaction (2018/19 - £7.58) (paragraphs 32-34);
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which is levied in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (2018/19 - £15.23) (paragraphs 32-34); and
- The TEC Charge of £0.175 per transaction (2018/18 - £0.175) (paragraphs 32-34).

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

- The provisional consolidated revenue expenditure budget for 2019/20 for London Councils of £385.173 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2019/20 for London Councils of £383.449 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Councils reserves of £1.724 million in 2019/20, as detailed in Table 12 at paragraph 55.

69. The Executive is also asked to recommend that the Leaders' Committee note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, 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 2019/20;
- Appendix B – the provisional consolidated revenue income budget for London Councils for 2019/20.

Background Papers

London Councils budget working papers 2010/11 to 2019/20

Appendix A

Proposed Consolidated Expenditure Budget 2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
TfL	0	0	322,334	322,334
RDG	0	0	20,178	20,178
Other Bus Operators	0	0	1,300	1,300
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	498	498
Comcab	0	0	12,238	12,238
Taxicard Administration	0	0	570	570
Sub-Total	0	0	358,636	358,636
Payments for commissioned services				
S.48 pan-London commissions	0	6,173	0	6,173
Subscription to London Funders Group	0	60	0	60
S.48 ESF pan-London commissions	0	102	0	102
Sub-Total	0	6,335	0	6,335
TEC Trading Account Expenditure				
Payments to Adjudicators- ETA	0	0	790	790
Payments to Adjudicators - RUCA	0	0	264	264
Northgate variable contract costs - ETA	0	0	293	293
Northgate variable contract costs - RUCA	0	0	80	80
Northgate variable contract costs - Other	0	0	209	209
Payments to Northampton County Court	0	0	4,000	4,000
Lorry Control Administration	0	0	743	743
ETA/RUCA Administration	0	0	2,687	2,687
HEB Income	0	0	40	40
Sub-Total	0	0	9,105	9,105
Total Direct Services	0	6,335	367,741	374,076
Operating Expenditure				
Contractual Commitments				
Capital Ambition legacy project costs	220	0	0	220
YPES Regional/Provider Activities	50	0	0	50
Southwark Street Leasehold Costs	1,354	0	0	1,354
Leases for photocopiers	36	0	0	36
Northgate Fixed Costs	35	0	94	129
External audit fees	0	0	0	0
CoL Finance/Legal/HR/IT SLA	39	0	0	39
Depreciation	449	0	0	449
Grants GIFTS system support	253	10	0	263
Sub-Total	2,436	10	94	2,540
Salary Commitments				
Officers	4,361	299	666	5,325
Members	215	19	19	253
Maternity provision	50	10	30	90
Sub-Total	4,626	328	715	5,668
Discretionary Expenditure				
Staff training/recruitment advertising	108	7	0	115
Staff travel	16	2	0	18
Other premises costs	280	0	0	280
SS ICT support	58	0	0	58
Supplies and service	645	0	160	805
Research	555	0	40	595
Challenge Implementation Fund	525	0	0	525
Sub-Total	2,187	9	200	2,396
Total Operating Expenditure	9,249	347	1,009	10,605
Central Recharges	187	227	77	491
Total Expenditure	9,436	6,909	368,828	385,173

Appendix B

Proposed Consolidated Income Budget 2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	322,334	322,334
Borough contributions to ATOC	0	0	20,178	20,178
Borough contributions to other bus operators	0	0	1,300	1,300
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	750	750
Income from replacing lost/faulty taxicards	0	0	18	18
Borough contributions to Comcab	0	0	2,116	2,116
TfL contribution to Taxicard scheme	0	0	10,122	10,122
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	124	124
Sub-total	0	0	358,784	358,784
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	58	0	58
Sub-total	0	6,291	0	6,291
TEC trading account income				
Borough contributions to Lorry Control administration	0	0	0	0
London Lorry Control PCN income	0	0	900	900
Borough ETA appeal charges	0	0	901	901
TfL ETA appeal charges	0	0	182	182
GLA RUCA appeal income	0	0	343	343
Borough fixed parking costs	0	0	1,990	1,990
TfL fixed parking costs	0	0	216	216
GLA fixed parking costs	0	0	575	575
Borough other parking services	0	0	582	582
Northampton County Court Recharges	0	0	4,000	4,000
Sub-total	0	0	9,689	9,689
Sub-Total	0	6,291	368,473	374,764
Core borough subscriptions				
Joint Committee	5,119	0	46	5,165
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
LFC/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	101	0	0	101
Sub-total	777	0	0	777
Other Income				
Investments	75	0	0	75
Room bookings and conferences	150	0	0	150
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	40	40
Miscellaneous income	8	0	0	8
Sub-total	715	0	71	786
Transfer from Reserves	1,354	183	187	1,724
Central Recharges	1,438	0	0	1,438
Total Income Base Budget	9,436	6,909	368,828	385,173

Executive (sitting as the Appointments Panel)

Nominations to Outside Bodies

Item no: 8

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

Date: 13 November 2018

Contact Officer: Derek Gadd

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

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

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

Nominations to Outside Bodies

Background

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

Principles applied in making nominations

2. In recent years efforts have been made to ensure the totality of London Councils nominations to outside bodies reflected the balance of the party groups on Leaders' Committee and a report normally goes to the May meeting of the Executive to that end, detailing outside body appointments and including a calculation of the proportional breakdown. Clearly in an election year that is not possible so the report and calculations have been brought to this meeting. A full set of appointments to outside bodies are listed in detail in Appendix 1 and the proportionality breakdown given in Appendix 2..

New appointments

3. The Chief Executive has made four fresh sets of appointments, in two cases having secured agreement to increase the number of borough appointments on both the London Crime Reduction Board and the London Health Board. The third case, the Skills for Londoners Board is a new creation that had its first meeting in September. The new set of appointees are:

London Crime Reduction Board:

- Councillor Liz Jaeger (Richmond, Liberal Democrat)

previous appointees:

- Councillor Lib Peck (Lambeth, Labour)
- Councillor Nickie Aiken (Westminster, Conservative)
- Councillor Peter John (Southwark, Labour)

London Health Board:

- Mayor Phil Glanville (Hackney, Labour - will assume Thrive Champion role)
- Councillor Ruth Dombey (Sutton, Liberal Democrat)

previous appointees:

- Councillor Ray Puddifoot (Hillingdon, Conservative)
- Councillor Danny Thorpe (Greenwich, Labour)
- Councillor Richard Watts (Islington, Labour).

Skills for Londoners Board

- Cllr Georgia Gould (Camden, Lab)
- Cllr Ravi Govindia (Wandsworth, Con)
- Cllr Darren Rodwell (B&D, Lab)
- Cllr Ruth Dombey (Sutton, LD)
- Cllr Steve Curran (Hounslow, Lab)

Mayor's High Level Infrastructure Board

- Cllr Peter John OBE (Southwark, Labour) replaced Cllr Darren Rodwell (B&D, Labour)

Proportionality

4. An analysis of the total number of party group members appointed to outside bodies can be found in Appendix 2. As can be seen, broad proportionality has been achieved - the Conservative Group has one more place than strict proportionality implies and the Labour Group one too few.

Financial Implications:

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

Legal Implications:

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

Equalities Implications:

There are no equalities implications for London Councils.

Recommendation:

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

Appendices

Appendix 1: London Councils' Nominations to Outside Bodies

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

London Councils' Nominations to Outside Bodies August 2018

Appendix 1

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
1. Corporate		
Lee Valley Regional Park Authority (LVRPA)	<p>Labour Cllr Ross Houston (Barnet) Cllr Claudia Webbe (Islington) Cllr Heather Johnson (Camden) Cllr Josh Blacker (Ealing)</p> <p><u>Substitutes:</u> Cllr Nick Draper (Merton) Cllr Ian Wingfield (Southwark) Cllr Krupesh Hirani (Brent)</p> <p>Conservative Cllr. Paul Osborn (Harrow) Cllr David Lindsay (RBK&C) Cllr Osman Dervish (Havering)</p> <p><u>Substitute:</u> Cllr William Huntington-Thresher (Bromley)</p> <p>Liberal Democrat Cllr Jill Whitehead (Sutton)</p> <p><u>Officer:</u> Derek Gadd</p>	<p>London Councils has taken on responsibility to make borough nominations that originally rested with GLC. London Councils nominates eight councillors from non-riparian boroughs for 4 year term, a process which began in June 2001 and was, therefore, last remade in 2017 and is not due for renewal until 2021. There is an arrangement with LVRPA that London Councils nominations on behalf of the non-riparian boroughs is revisited after each set of council elections to take account of members who are not re-elected and any changes in proportionality. The proportional breakdown after the elections in 2018 (based on number of councils controlled) was 5 Labour and 3 Con but Labour have relinquished one of their places so that the LDs could have a place. The LVRPA meets approximately 5 times per annum.</p>
London Collective Investment Vehicle (CIV) Shareholder Committee	<p>Councillors</p> <p>Labour Cllr Robert Chapman (Hackney) Cllr Yvonne Johnson (Ealing – Expected to be Chair) Cllr Elaine Norman (Redbridge)</p> <p>Conservative Cllr Antonia Cox (Westminster)</p>	<p>A new governance framework was approved by the LCPSJC on 31/1/18 and London Councils Leaders' Committee on 20/3/18. The new Shareholder Committee is expected to hold its first meeting in mid-October. The members of the Shareholder Committee are nominated through London Councils processes</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<p>Cllr Mark Shooter (Barnet) Cllr Keith Onslow (Bromley)</p> <p>Liberal Democrat Cllr Jill Whitehead (Sutton)</p> <p>Andrew McMurtrie (City of London)</p> <p>Alternates</p> <p>Cllr Simon Hall (Croydon, Lab) Cllr Nitin Parekh (Harrow, Lab) Cllr Doug Taylor (Enfield, Lab) Nick Bensted-Smith (City of London)</p> <p>Treasurers, nominated via the Society of London Treasurers</p> <p>Caroline Holland (Merton) Ian Williams (Hackney) Gerald Almeroth (Sutton) Duncan Whitfield (Southwark)</p> <p>Trade Union Observer</p> <p>Chris Cooper</p> <p>Officer: Christiane Jenkins</p>	
2. Transport and Environment Committee		
Heathrow Airport Consultative Committee (HACC)	<p><u>Main Rep:</u> Cllr Steve Curran (Hounslow, Lab)</p> <p><u>Deputy:</u> Cllr William Huntington-Thresher (Bromley)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The HACC is a statutory “watchdog” for Heathrow Airport which reviews all matters of interest to stakeholders in London relating to Heathrow Airport, including surface access, employment and safety and operational issues. Meetings are held at</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		Heathrow every two months. London Councils makes one nomination per year, and one deputy.
Thames Regional Flood and Coastal Committee (RFCC)	<p><u>Labour</u></p> <p>Central North – Cllr Wesley Harcourt (H&F) South East – Cllr Denise Scott-McDonald (Greenwich) North East – Cllr Syed Ghani (B&D) Central South – Cllr Richard Livingstone (Southwark) North – Cllr Daniel Anderson (Enfield)</p> <p><u>Conservative</u></p> <p>West – To be confirmed</p> <p><u>Liberal Democrat</u></p> <p>South West – Cllr Martin Elengorn (LB Richmond)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The Thames Regional Flood and Coastal Committee (RFCC) was established by the Environment Agency (EA) under the Flood and Water Management Act 2010. It brings together members appointed by Lead Local Flood Authorities (LLFAs) and independent members with relevant experience to ensure there are coherent plans for identifying and managing flood risks, to ensure investment is value for money and efficient, and provide links between the EA and LLFAs.</p> <p>Borough membership of the Committee (7 borough members) is made through London Councils' TEC. Nominations are made on a yearly basis, and deputies for each region are required, where possible. The RFCC meets quarterly.</p>
London Sustainable Development Commission (LSDC)	<p>Cllr Claudia Webbe (Islington, Lab)</p> <p><u>Officer:</u> Alan Edwards</p>	<p>The LSDC works to develop a coherent approach to sustainable development throughout London, not only to improve the quality of life of Londoners today and for generations to come but also to reduce London's footprint on the rest of the UK and the world. Ensure the views of London boroughs are represented on the Commission and the work they are undertaking, including the setting of performance indicators. Meetings take place every quarter and nominations are made on an annual basis.</p>
Urban Design London (UDL)	<p>Cllr Nigel Haselden (Lambeth, Lab)</p> <p>Mr Daniel Moylan (Conservative)</p>	<p>The UDL aims to help practitioners create and maintain well-designed, good quality places. It does this through events, training, networking and online</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
	<u>Officer:</u> Alan Edwards	advice. Nominations take place on an annual basis. UDL meets 3 to 4 time per annum.
Thames River Basin Liaison Panel (Thames LP)	Cllr Sizwe James (Greenwich, Lab) <u>Officer:</u> Alan Edwards	The Water Framework Directive requires all inland and coastal water bodies to reach at least "good status" by 2015. The Environment Agency uses Liaison Panels to achieve broad participation from stakeholders within each river basin. London boroughs, through London Councils nominate one representative to sit on the Thames LP as one of 15 strategic 'co-deliverers' of the objectives of the Directive. Nominations are for a 2-year period and a new nomination will be required in 2019. Meets quarterly.
London Waste & Recycling Board (LWARB)	Cllr Feryal Demirci (Hackney, Lab) Cllr Bassam Mahfouz (Ealing, Lab) Cllr Ian Wingfield (Southwark, Lab) Cllr Guy Senior (Wandsworth, Con) Barbara Anderson (Independent) Melville Haggard (Independent) <u>Officer:</u> Alan Edwards	The Greater London Authority (GLA) Act 2007 provides the legal framework for the establishment of a statutory Board to facilitate waste management across London - the London Waste and Recycling Board (LWARB). The objective of the Board is to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment. LWARB's membership and constitution are set out in the London Waste and Recycling Board Order 2008. The Board is an eight member board previously chaired by the Mayor of London. A new chairman to replace Richard Tracey, AM, will be announced in early 2017. Appointments to the Board are for 4 years (renewable once) running from 12 th August 2016 to 11 th August 2020. No new nominations are needed

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		until 2020.
London City Airport Consultative Committee (LCACC)	Cllr John Howard (Redbridge, Lab) <u>Officer:</u> Alan Edwards	<p>The London City Airport Consultative Committee (LCACC) was set up by London City Airport in 1986 as a consultative body whose membership represents users of the airport, local authorities in whose area the airport is situated or whose area is in the neighbourhood of the airport and other organisations representing local communities. Its primary function is to serve as an organised forum in which the Airport can inform its stakeholders of current issues and seek their feedback.</p> <p>The membership includes representatives from the boroughs most directly affected by the Airport's operations namely Newham (three members as required by the Airport's S106 planning agreement), Tower Hamlets, Greenwich, Bexley and Barking and Dagenham. Recent changes by National Air Traffic Services to flight paths in the Terminal Control North area mean that increasingly residents of other boroughs are also affected by the Airport's operations, particularly those in Waltham Forest, Redbridge and Havering. In January 2010, the LCACC invited London Councils to nominate a representative from one of these boroughs to represent all three of them on the Committee. Nominations are on an annual and this is done on a revolving basis with each borough taking the seat on the committee in turn.</p> <p>The LCACC meets four times a year.</p>
London Cycling Campaign Policy Forum	Cllr Feryal Demirci (Hackney, Lab) <u>Officer:</u> Alan Edwards	On the request of TEC, the LCC Policy Forum has included a representative from TEC since September 2012.

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		<p>Members of this Forum are voted in, which is why the TEC representative is a non-voting member. The Policy Forum meets quarterly and reviews and develops LCC's policy positions and priority issues. Nominations are on an annual basis.</p>
The Thames and London Waterways Forum	<p>Cllr Denise Scott-McDonald (RB Greenwich, Lab) Cllr Nick Draper (LB Merton, Lab) Cllr Peter Craske (LB Bexley, Con)</p>	<p>Two existing groups, the Mayor's River Concordat and London Waterways Commission, were merged by the Mayor of London in May 2017 to centralise all river transport and waterways discussions and bring all key stakeholders together in one forum.</p> <p>The new group will support the relevant goals set out in the forthcoming Mayor's Transport Strategy, London Plan and London Environment Strategy, as well as the Port of London Authority's Thames Vision, which the Mayor supports.</p>
3. Regeneration including Culture and Tourism		
London Economic Action Partnership (LEAP) Board	<p>Cllr Peter John OBE (Southwark, Lab) Cllr Georgia Gould (Camden, Lab) Cllr Teresa O'Neill OBE (Bexley, Con)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>The LEAP is London's Local Enterprise Partnership. Its membership is drawn from London's business community, the GLA and local authorities. The Mayor of London chairs the Board. There are three elected borough members on the LEAP Board although in June 2018 London Councils wrote to the Mayor asking for there to be a 'small extension' to this. However, this application was refused as MHCLG guidance made clear these bodies should be business-led and an increase in local government representation would have to be matched by business representation making it expensive and unmanageable. The business membership is formed through an application process. LB Newham also nominates a representative to the Board because of the Royal</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		<p>Docks Enterprise Zone. The Partnership meets quarterly, with further meetings scheduled if required. There are currently three sub-committees of the LEAP Board – an Investment Sub-Committee and the ESIF Committee, with one member representing London Councils on each; as well as the Royal Docks Enterprise Zone Programme Board that has local representation on it from LB Newham.</p> <p>Nominations are made on an annual basis.</p>
European Structural and Investment Funds (ESIF) Committee	<p>Cllr Georgia Gould (Camden, Lab)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>The ESIF Committee provides advice to the GLA on local development needs and opportunities to inform any changes to ESIF Operational Programmes and Funds Strategies. It is also a sub-committee of the London Economic Action Partnership (LEAP) Board. It meets on a quarterly basis.</p> <p>Membership is for a three year term.</p>
LEAP Investment Committee	<p>Cllr Peter John (Southwark, Lab)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>The Investment Committee is responsible for overseeing and managing the LEAP's programmes and projects. It is a sub-committee of the LEAP Board and is chaired by the Deputy Mayor for Planning, Regeneration & Skills.</p>
Skills for Londoners Board	<p>Cllr Georgia Gould (Camden, Lab)</p> <p>Cllr Ravi Govindia (Wandsworth, Con)</p> <p>Cllr Darren Rodwell (B&D, Lab)</p> <p>Cllr Ruth Dombey (Sutton, LD)</p> <p>Cllr Steve Curran (Hounslow, Lab)</p> <p><u>Officer:</u> Dianna Neal</p>	<p>Skills for Londoners brings together experts and key stakeholders to advise the Greater London Authority on delivery of the devolved Adult Education Budget (AEB), Mayor's manifesto commitments on skills and the role of skills in London's economic development.</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
Arts Council England (ACE), London Area Council	Cllr Darren Rodwell (Barking and Dagenham, Lab) Cllr Clare Coghill (Waltham Forest, Lab) Cllr J-F Burford (Richmond, LD) Cllr Kevin Davis (Kingston, Con) <u>Officer:</u> Dianna Neal	ACE London Area Council is one of the main funders of arts in London. It ensures strategic input and borough views are fed into funding and other decisions around arts across London.
London Cultural Leadership Board	Cllr Clare Coghill (Waltham Forest, Lab) <u>Officer:</u> Dianna Neal	Members are appointed by the Mayor but London Councils nominates one member. The Board will advise the Mayor on his cultural programme and policy in London.
The Mayor's Night Time Commission	Cllr Clare Coghill (Waltham Forest, Lab) <u>Officer:</u> Dianna Neal	The Commission will provide independent advice to the Mayor as to the sustainable development of London's Night Time Economy (NTE). Members are appointed for one year.
Board of London Sport (formerly "London Community Sports Board")	Cllr Doug Taylor (Enfield, Lab) Cllr Joyce Ryan (Redbridge, Con) <u>Officer:</u> Dianna Neal	London Community Sports Board (now Board of London Sport) was set up in July 2009, to oversee the implementation of the Mayoral Sports Legacy plan and to play a broad, overarching role in coordinating activity across the city. Major funder of sport and leisure in London. Nominations are sought every four years.
Royal Parks Board	Cllr Georgia Gould (Camden, Lab) Cllr Nicky Aiken (City of Westminster, Con) Cllr Danny Thorpe (Greenwich, Lab) <u>Officer:</u> Dianna Neal	The Royal Parks Board is a charity that oversees the management of the Royal Parks in London. The Board reports to the Mayor of London. The Mayor appoints board members, subject to agreement of the Secretary of State for Culture, Media and Sport. The Board is responsible for overseeing the Agency's activities, advising on the Agency's priorities, planning, policy and performance; encouraging local engagement; and promoting philanthropy. In June 2018 an application was made to increase local authority representation on the board to allow L. B. Richmond to be included but this was refused by DCMS.

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
Museum of London Board	Cllr Richard Watts (Islington, Lab) <u>Officer:</u> Dianna Neal	The Board is the strategic decision making body of the Museum. It is made up of 18 governors (9 appointed by the Mayor of London; 9 by the City of London including one representative of London Councils). The Board meets quarterly. Governors are appointed for four years and can be re-elected. Cllr Richard Watts (Lewisham, Lab) was appointed in 2017.
London Marathon Trust	Cllr Robert Rigby (City of Westminster, Con) John Austin (former MP for Erith and Thamesmead) <u>Officer:</u> Dianna Neal	London Marathon Charitable Trust Ltd is a charity and a company that owns London Marathon Ltd, which organises the Virgin London Marathon, Adidas Half Marathon, Bupa London 10000 and the Standard Chartered Great City Race. London Councils is a member of the company and appoints two nominees to its trustees. It should be noted that London Marathon Ltd has a board of directors which London Councils appoints to but officers, not members so is not included in this grid.
Mayor's High Level Infrastructure Board	Cllr Peter John OBE <u>Officer:</u> Katharina Winbeck	The Mayor of London established the High Level Infrastructure Group to oversee construction activity in the capital, and agree a common vision for long term infrastructure planning.
4. Grants		
The Trust for London	Cllr Peter Brooks (Greenwich, Lab) <u>Officer:</u> Yolande Burgess	London Councils can nominate one person to the Board. Nominations are on a five year basis, he was renominated in 2015
5. Migration		
London Strategic Migration Partnership	Cllr Muhammed Butt (Brent, Lab) <u>Officer:</u> Doug Flight	The Board will lead and coordinate effort by statutory and voluntary sector partners on strategic migration, including promoting refugee integration in London. The Partnership meets on a quarterly

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		basis.
6. Crime and Public Protection		
London Crime Reduction Board	<p>Cllr Lib Peck (Lambeth, Lab) Cllr Nickie Aiken (Westminster, Con) Cllr Peter John OBE (Southwark, Lab) Cllr Liz Jaeger (Richmond, LD)</p> <p><u>Officer:</u> Doug Flight</p>	<p>The London Crime Reduction Board was established in 2010 to provide a coordinated approach to crime reduction and community safety in London. London Councils has three places on the Board, alongside the Mayor of London and the Deputy Mayor for Policing. In June 2018 the Mayor agreed to a London Councils' request to add a fourth local government representative. The Board meets quarterly.</p>
CONTEST board	<p>Cllr Clare Coghill (Waltham Forest, Lab)</p> <p><u>Officer:</u> Doug Flight</p>	<p>The CONTEST Board takes a strategic overview of work to counter terrorism in the capital. It seeks to co-ordinate the pan London approach across the four strands of the Government's CONTEST strategy: Prevent, Pursue, Protect and Prepare. The Board meets quarterly and its work is linked to both the London Crime Reduction Board and Home Office structures. Cllr Clare Coghill is London Councils' nominee to the CONTEST board but Cllr Lib Peck (Lambeth, Crime and Public Protection, Labour) is also invited on an informal basis.</p>
7. Health and Adult Services		
London Health Board	<p>Cllr Richard Watts (Islington, Labour) Cllr Danny Thorpe (Greenwich, Labour) Cllr Ray Puddifoot MBE (Hillingdon, Con) Mayor Philip Glanville (Hackney, Lab – also taking on the Thrive Champion role) Cllr Ruth Dombey OBE (Sutton, LD)</p> <p><u>Officer:</u> Clive Grimshaw</p>	<p>The London Health Board is a partnership of London boroughs, the Mayor and key health partners for the purposes:</p> <ul style="list-style-type: none"> • improving healthy life expectancy of Londoners • reducing the health inequalities in London between and within boroughs; • ensuring that London's life sciences sector

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		<p>continues to thrive and grow</p> <p>The board provides leadership on health issues of pan-London significance, where this adds value to decisions, agreements and action at local level. It meets quarterly. In March 2015 local government's representation was reduced to three members although in June 2018 the Mayor agreed to a London Councils' request to increase local government representation to five so that each of the London STP footprint were covered. One of the representatives (Mayor Phil Glanville) will also act as a political champion for the Thrive programme.</p>
8. Children and Young People		
London Young People's Education and Skills Board (YPES)	<p>Cllr Georgia Gould (LB Camden, Lab) Cllr Nicky Aiken (City of Westminster, Con)</p> <p><u>Officer:</u> Yolande Burgess</p>	<p>Originally established as the Regional Planning Group in June 2008 to oversee transfer of 16-19 funding to local authorities from LSC and ensure coherent approach to 14-19 across London. Revised in November 2010 as the Young People's Education and Skills Board it is the lead strategic body for 14-19 education and training in London. Membership includes key stakeholders in education and skills in London. The Board meets a minimum of 3 times per year. Chaired by the Executive Member for Children & Young People. Nominations are made on an annual basis or as a vacancy arises.. The constitution requires one rep from each of the main political parties..</p>
9. Regional Employer Function		
National Association of Regional Employers (NARE)	<p>Mayor John Biggs (Tower Hamlets, Lab) Cllr Angela Harvey (City of Westminster, Con)</p> <p><u>Officer:</u> Steve Davies</p>	<p>Chair and Vice-Chair of GLEF Employers' Side sit on this body. It meets 4 times a year 3 of the meetings are hosted by London Councils. Allows the regions to collectively discuss workforce issues and feed-in views to Local Government Employers</p>

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
		and Local Government Improvement and Development. London Councils will appoint to both GLPC and GLEF. The Chair is shared on an annual basis.
CEEP (Centre Europeen des Entreprises a Participation Publique et des Entreprises d'Interet Economique General)	<p>Mayor John Biggs (Tower Hamlets, Lab) Cllr Angela Harvey (City Of Westminster, Conservative) - deputy</p> <p><u>Officer:</u> Steve Davies</p>	<p>Representatives from all 10 of the regional employers' organizations are entitled to sit on this body (usually the Chair or the Vice Chair).</p> <p>CEEP meets 4 times a year – meetings could be in any EU country but are usually in the UK. Could be Chair/Vice Chair of GLEF or GLPC. CEEP UK AGM is held in October each year. Nominations are made on an annual basis.</p>
10. Housing		
Homes for Londoners Board (Formerly known as the Homes for London Board, and prior to that Mayors Housing Board)	<p>Cllr Darren Rodwell (B&D, Lab) Cllr Claire Coghill (Waltham Forest, Lab) Cllr Ruth Dombey OBE (Sutton, LD) Cllr Richard Cornelius (Barnet, Con)</p> <p><u>Officer:</u> Elly Shephard</p>	<p>The board meets quarterly and has oversight of:</p> <ul style="list-style-type: none"> • overall housing delivery across London • the statutory London Housing Strategy • housing, planning and infrastructure coordination • delivering housing investment programmes • land held by the Mayor and other public bodies • a task-and-finish work programme for policy development and innovation

Outside Body	Current Representative(s) & London Councils' Officer Responsible	Information on Outside Body
London Land Commission	<p>Cllr Darren Rodwell (B&D, Lab)</p> <p><u>Officer:</u> Elly Shephard</p>	<p>The Land Commission was set up in 2015 by the Mayor and the Government, responsible for identifying surplus public sector brownfield land suitable for development, with the objective of contributing to London's ambition for 400,000 new homes by 2025. London Councils has one place on the Commission and will also form part of the operational steering group. The commission has not met since Mayor Sadiq Khan was elected.</p>

First tier bodies

Body	Lab	Con	LD	Total
Lee Valley Regional Park Authority (LVRPA) ¹	4	3	1	8
London Waste and Recycling Board (LWaRB)	3	1		4
London Crime Reduction Board	2	1	1	4
Homes for Londoners Board	2	1	1	4
London Health Board	3	1	1	5
London Enterprise Panel (London Economic Action Partnership, LEAP)	2	1		3
Royal Parks Board	2	1		3
The Thames Regional Flood and Coastal Committee (TRFDC)	5	1 ²	1	7
London Collective Investment Vehicle (CIV) Shareholder Committee	3	3	1	7
London Collective Investment Vehicle (CIV) Board	1	1		2
Total	27	14	6	47

Second tier bodies: Transport and Environment

Body	Lab	Con	LD	Total
Heathrow Airport Consultative Committee	1			1
London Sustainable Development Commission	1			1
Urban Design London	1	1		2
The Thames River Basin District Liaison Panel (RBDLP)	1			1
London City Airport Consultative Committee (LCACC)	1			1
London Cycling Campaign Policy Forum	1			1
Thames and London Waterways Forum	2	1		3
European Structure and Investment Funds (ESIF)	1			1
Total	9	2	0	11

Other policy³

Body	Lab	Con	LD	Total
Arts Council England, London	2	1	1	4
London Cultural Leadership Board	1			1
Board of London Sport	1	1		2
Museum of London	1			1
London Young People Education and Skills Board	1	1		2
London Land Commission	1			1
Skills for Londoners Board	3	1	1	5
Mayor's Night Time Commission	1			1
London Marathon Trust		1		1
CONTEST Board	1			1
Mayor's High Level Infrastructure Board	1			1
Total	13	5	2	20

Additional bodies⁴

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

² Con appointment yet to be made

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

Body	Lab	Con	LD	Total
National Association of Regional Employers	1	1		2
CEEP (Centre Européen des Entreprises à Participation Publique et des Entreprises d'Intérêt Economique Général)	1			1
The Trust for London	1			1
London Strategic Migration Partnership	1			1
Total	4	1	0	5

Grand Total	53	22	8	83
Strict proportionality⁵	54	21	8	83

So, as it currently stands the Conservative has one too many and the Labour Group one too few.

⁴ Employers Organisation, Grants and Migration

⁵ On the basis that the breakdown on Leaders' Committee is 21 Lab (65.63%), 8 Con (25%) and 3 LD (9.38%)