

# Leaders' Committee

## London Councils' Urgencies Report      Item no: 12

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<b>Summary</b>	London Councils' urgency procedure was used to approve:- <ul style="list-style-type: none"><li>• Business Rates Retention Policy 2019-20' and</li><li>• LOTI (London Office of Technology and Innovation)</li></ul>
<b>Recommendations</b>	Leaders are asked to note the decisions taken under the urgency procedure.

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## 1.0 Business Rates Retention Policy

### 1.1 Introduction

The agreement with Government for London's current 100% Business Rate Retention Pilot is specifically limited to 2018-19. Any extension into 2019-20 will need agreement both within London and with the Government.

In July, MHCLG published a prospectus inviting local authorities to apply to become Business Rate Retention Pilots next year. At the same time, the Secretary of State for Housing, Communities and Local Government wrote to the Chair of London Councils and the Mayor of London confirming that the Government was willing separately to negotiate the extension of the London pilot.

As detailed in an exempt report that was submitted to Leaders' Committee on 9 October 2018, London Councils and the GLA jointly submitted a proposal seeking to explore:

- the continuation of 100% retention;
- transferring a number of properties from the Central List to a London "Area List";
- rolling in Public Health Grant;
- how the Valuation Office Agency (VOA) could become more accountable to London Government; and
- how to develop the London pilot pool governance arrangements.

Any financial benefit of a continuing pool would be distributed on the basis of the formula agreed by London's local authorities for the current year.

Following the discussion at Leaders Committee and confirmation from Public Health England that they required (within days) detailed written proposals and political commitment to address the criteria identified as a pre-condition for rolling in Public Health Grant, this aspect of the proposals was subsequently dropped.

On 8<sup>th</sup> November 2018, the Secretary of State for Housing, Communities and Local Government and Housing wrote to the Chair of London Councils and the Mayor of London setting out proposed terms for a pilot pool in London. The proposal:

- Provides for 75% retention, in line with the other pilot pools to be agreed for 2019-20 – i.e. without a "no detriment" guarantee, and with a "safety net"

level of 95% (reduced from 97% in the current year to reflect the lower exposure to variation in rates income);

- Does not seek to change the agreed distribution of any net financial benefits;
- Offers to “engage with London authorities to assess the proposals around the re-listing of central list hereditaments” were a London pool to continue in the longer term from 2020-21;
- States that the VOA would be “happy to discuss” how they can support “a closer relationship with the Agency”; and
- Officials will “continue to work with the London pool members to explore legislative changes needed to develop a Joint Committee model for future governance of a London pool”.

In effect, therefore, the only immediate decision for London government is whether it wishes to continue a pilot in 2019-20 with a 75% retention level, without a “no detriment” guarantee, and with no other changes.

As outlined in the report to Leaders Committee in October 2018, the “no detriment” guarantee was undoubtedly helpful in securing Boroughs’ agreement to the current pilot, but its financial significance is limited: the prospect of London’s overall tax base declining in the single year 2019-20 to such an extent that the guarantee would be triggered is extremely remote.

## **1.2 Summary**

The urgency outlined the Government’s response to London’s proposal to continue piloting business rate retention and seeks approval to conclude an agreement for a 75% Business Retention Pilot for London in 2019/20.

## **1.3 Recommendation**

Leaders’ Committee on 9 October 2018 considered an exempt report setting out the issues to be addressed in reaching such an agreement and agreed that the final proposals would be dealt with under Urgency provisions.

Elected Officers were asked to approve and note the contents of the urgency; and that the Chief Executive, after this consultation with Elected Officers, seeks to conclude an agreement with the Mayor of London and Government for a 75% business rate retention pilot in 2019-20.

Elected Officers of Leaders' Committee were asked to agree the London Councils submission by midday on 14 November 2018. The Urgency was approved.

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**Financial Implications for London Councils**

None

**Legal Implications for London Councils**

None

**Equalities Implications for London Councils**

None

## 2.0 London Office of Technology and Innovation (LOTI)

### 2.1 Introduction

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.

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 was undertaken with London Local Authorities’ Chief Information/Technology Officers to refine the proposed purpose, work programme and operating model.

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.

London Councils Executive Committee on 13 November 2018 received a further report on the initiative and endorsed the proposal for London Councils to manage and part-fund the LOTI for three years from April 2019, subject to it achieving the active commitment and financial support of at least six London Local Authorities.

#### ***The LOTI proposal***

The LOTI proposal is a team of three full-time staff, which will be both based and part of London Councils, at least during an incubation phase, supporting work across all London Local Authorities and with a ‘Core LOTI’ (London Local Authorities which have opted for an additional subscription and commitment to explore proposals and benefit from implementing solutions at scale).

The Team will lead on six ongoing work streams with all London Local Authorities:

- **Digital leadership skills:** upskilling senior and middle managers

- **Collective knowledge:** documenting impact and sharing best practice, and supporting market-shaping
- **Sharing & re-using:** better digital networking and systematic sharing
- **Shared endeavour:** better collaboration with GovTech, Tech for Good, and universities
- **Embedding standards:** including the Local Government Digital Service Standard, supporting London Local Authorities' capacity to benefit from digital transformation
- **Data analytics coordination:** project management for collaborative analytics initiatives

## 2.2 Summary

The urgency report outlined 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.

## 2.3 Recommendations

Elected Officers were asked to note the contents of the urgency report, and to:

- Agree the broad objectives and purpose of the LOTI, the proposed work streams and the intention to facilitate two exemplar projects per year, subject to available resources;
- Endorse the proposal for London Councils to manage and part-fund 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, at a cost to London Councils of £100,000 p.a.;

- Delegate authority to London Councils' Chief Executive to set up and manage the activities of the LOTI in accordance with London Councils' existing Scheme of Delegations to Officers and Financial Regulations;
- Delegate authority to London Councils' Chief Executive to finalise the scope of the LOTI offer and to negotiate and complete agreements with the Core LOTI London Local Authorities, the GLA and other relevant third parties authority governing their relationship with London Councils in respect of the LOTI; and.
- Note that progress towards the establishment of the LOTI and its subsequent performance will be reported to Leaders Committee as appropriate and/or annually, under London Councils' existing governance arrangements.

Elected Officers of Leaders' Committee were asked to agree the London Councils Chief Executive's recommendation (see above 2.3 *Recommendations*) by midday on 19 November 2018. The Urgency was approved.

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#### **Financial Implications for London Councils**

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 original report.

#### **Equalities Implications for London Councils**

There are no equalities implications arising from this report.