

# Leaders' Committee

4 December 2018 – 11:30 am

At London Councils offices, 59½ Southwark St., London SE1 0AL

Refreshments will be provided

London Councils offices are wheelchair accessible

**Labour Group:** Room 2 and 3 10:00

Political Adviser: (07977 401955)

**Conservative Group:** Room 4 10:00

(Political Adviser: (07903 492195))

**Liberal Democrat Group:** Room 1 10:00

(Political Adviser: (07858 924941))

**Contact Officer:** Derek Gadd

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

**Lunch will be provided in Room 2 for members after the meeting**

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### **\*Declarations of Interests**

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

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

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

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

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

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

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## London Councils

Minutes of the London Councils Leaders' Committee held on 9 October 2018  
Cllr Peter John OBE chaired the meeting

### Present:

BARKING AND DAGENHAM	Cllr Darren Rodwell
BARNET	-
BEXLEY	Cllr Teresa O'Neill OBE
BRENT	Cllr Muhammed Butt
BROMLEY	-
CAMDEN	Cllr Georgia Gould
CITY OF LONDON	Mr Simon Duckworth OBE DL
CROYDON	Cllr Alison Butler
EALING	Cllr Julian Bell
ENFIELD	Cllr Nesil Caliskan
GREENWICH	Cllr Danny Thorpe
HACKNEY	Mayor Philip Glanville
HAMMERSMITH & FULHAM	Cllr Sue Fennimore
HARINGEY	Cllr Joseph Ejiofor
HARROW	Cllr Graham Henson
HAVERING	Cllr Damian White
HILLINGDON	-
HOUNSLOW	Cllr Steve Curran
ISLINGTON	Cllr Richard Watts
KENSINGTON & CHELSEA	Cllr Elizabeth Campbell
KINGSTON	Cllr Liz Green
LAMBETH	Cllr Lib Peck
LEWISHAM	Cllr Kevin Bonavia
MERTON	Cllr Mark Allison
NEWHAM	Mayor Rokshana Fiaz OBE
REDBRIDGE	Cllr Jas Athwal
RICHMOND UPON THAMES	Cllr Gareth Roberts
SOUTHWARK	Cllr Peter John OBE
SUTTON	Cllr Ruth Dombey OBE
TOWER HAMLETS	Mayor John Biggs
WALTHAM FOREST	Cllr Clyde Loakes
WANDSWORTH	Cllr Ravi Govindia CBE
WESTMINSTER	Cllr Nickie Aiken

### Apologies:

BARNET	Cllr Richard Cornelius
BROMLEY	Cllr Colin Smith
CITY OF LONDON	Ms Catherine McGuinness
CROYDON	Cllr Tony Newman
HAMMERSMITH & FULHAM	Cllr Stephen Cowan
HILLINGDON	Cllr Ray Puddifoot MBE
LEWISHAM	Mayor Damien Egan
MERTON	Cllr Stephen Alambritis
WALTHAM FOREST	Cllr Clare Coghill

Officers of London Councils were in attendance.

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

The apologies and deputies listed above were noted.

## **2. Declarations of interest**

No interests were declared.

## **3. Minutes of the Leaders' Committee meeting 10 July 2018**

The minutes of the Leaders' Committee meeting on 10 July 2018 were agreed.

## **4. Business Rates Retention Pilot: Strategic Investment Pot Outcome**

The Director Finance, Performance & Procurement introduced the item:

- The report informed Leaders' Committee and the Mayor of London of the outcome of the Strategic Investment Pot (SIP) decision-making process, part of the London Business Rates Retention Pilot Pool
- From April 2018 London's boroughs, the City of London and the GLA agreed with Government to establish a 100% business rate retention pilot pool. Of the estimated net financial benefit, 15% (£52m) was set aside for a Strategic Investment Pot (SIP)
- Twenty-two bids for SIP funding were received from 15 accountable boroughs for a total of £123.4m, with all authorities represented. London Councils and the Lead Authority (City of London Corporation) convened a Panel of Chief Officers from across London to evaluate the bids, and a recommendation was made to award funding to eight bids, totalling £46.83m. The Lead Authority consulted on the recommendations over the summer, achieving the broad support required to allocate funds. The report detailed this outcome and the funding decision. These projects would generate a number of benefits including amongst others 4,000 new jobs and improved broadband reach.
- The report also included the next steps for the SIP, which included the provision of feedback to bidders, the financial administration arrangements, preparations for a future bidding round, and the lessons learnt from this first pilot year.

Leaders' Committee agreed to note the report.

## **5. The London HIV Prevention Programme**

In the absence of Cllr Ray Puddifoot (Conservative, Hillingdon, Health and Care), Cllr Richard Watts (Labour, Islington) who worked with Cllr Puddifoot on the Health and Care portfolio introduced the item:

- The report described the London HIV Prevention Programme, a programme founded by and funded by the boroughs, delivering vital prevention services for people across London
- What had been inherited from the NHS:
  - was costing twice as much as was now spent, to deliver less
  - and the number of people being diagnosed with HIV was going up
- Over the 5 years of running the HIV prevention service, there has been significant improvement, between 2015 and 2017 new diagnoses fell by 38%
- The programme budget had been reduced by over 10% since 2016/17, at the same time as delivering a ground breaking digital prevention campaign, distributing huge numbers of condoms as well as face to face outreach
- Success has been achieved through increasing testing and early diagnosis, access to prevention tools and increasing public awareness of how to prevent transmission of the virus
- Leaders' Committee was asked to endorse the continuation of this programme for another three years, with a budget freeze applied.

Mayor Rokshana Fiaz OBE (Labour, Newham) raised the question of the increase in the number of cases in the Black African community in her borough and the degree to which the commissioning model was able to address that adequately. Mayor Fiaz could provide details to the Corporate Director of Policy and Public Affairs and he would ensure it was fed into the Programme Strategy Group and the London Borough of Lambeth who had provided overall management of the programme. Mayor Philip Glanville (Labour, Hackney, Grants) commented on the extent to which the Do It London campaign organized by the boroughs alongside the Mayor was reaching, particularly, Black African women as well as gay men.

Leaders' Committee agreed to note the impact of the London HIV Prevention Programme and endorsed the proposal to continue the programme for three years beyond March 2019, including a freeze in the overall programme budget.

## **6. Feedback from Joint Boards**

- London Crime Reduction Board (LCRB)
- London Health Board (LHB)
- London Economic Action Partnership (LEAP)
- Homes for Londoners (HfL)
- Skills for Londoners (SfL)

The Chair introduced the item saying that this would be a standing item providing an opportunity for London Councils' representatives on joint boards with the Mayor of London to report back from them. He invited oral reports from the representatives:

Cllr Lib Peck (Labour, Lambeth, Crime and Public Protection) reported back on the meeting of the **London Crime Reduction Board (LCRB)**:

### **Knife Crime**

- There was a discussion on the work that was emerging as a result of the summit earlier in June and the work that London Councils was leading with borough practitioners to capture best practice and shape an improved framework for local knife crime action plans
- All local Community Safety Partnerships were to submit updated local plans
- LCRB touched on the potential for drawing on the 'Scottish public health approach'
- Representations were made to Sophie Linden (Deputy Mayor for Policing and Crime) early in September, calling for an enhanced response to youth violence shortly before the Mayor's announcement of a Violence Reduction Unit.

### **Disproportionality in the Criminal Justice System**

- The Lammy review focused on the youth justice system and identified
  - A need to improve equalities data
  - the importance of strategic oversight of the London partnership response (via the Safer Children's Board)
  - The impact of vulnerability and victimization

- And the need to improve services for BAME young people and those transitioning to adult services.

## **Justice Devolution**

- An update was provided on
  - Victims and witnesses
  - Probation design /CRC future and joint commissioning (there have subsequently been constructive conversations at officer level)
  - Community provision for female offenders.

Cllr Ravi Govindia (Conservative, Wandsworth) argued that it would be useful to get a report back from the MPS on the roll out of new Basic Command Units (BCU)s and Cllr Nicki Aiken (Conservative, Westminster, Schools and Children's Services) suggested that Metropolitan Police Commissioner Cressida Dick be invited to a future Leaders' Committee meeting. The Chief Executive undertook to extend that invitation.

Cllr Richard Watts reported back from the **London Health Board** (LHB)

- The London Health Board last met on 27 June 2018
- Consisting of representatives from NHS England (London), Public Health England, London CCGs, representatives from a NHS Foundation Trust and Mental Health Trust and Dr Tom Coffey, the Mayor's health advisor, the Mayor chaired the meetings
- Following discussions with City Hall, London Councils was now represented by five members, Cllr Ray Puddifoot MBE, Cllr Danny Thorpe (Labour, Greenwich), Cllr Richard Watts, Cllr Ruth Dombey OBE (Liberal Democrat, Sutton) and Mayor Glanville.
- It reported on
  - The draft London Estates Strategy
  - The public health role in respect of youth violence
  - A new NHS project to deliver integrated digital health records
  - Thrive London
  - The development of the health conference the Mayor was hosting on 25 October.

- The Board agreed to receive further reports on the public health approach to youth violence, and the GLA had commissioned research into the evidence base for such an approach. On Estates, the Board also agreed to engage with a wider set of partners about the development of the estates strategy and urged for some thought to be given to an estimated capital requirement to match the period of the 10 year vision being developed by the NHS.

The Chair reported back on the **London Economic Action Partnership (LEAP)** meeting on 18 September 2018 which the Mayor couldn't attend, so it was chaired by Rajesh Agrawal, Deputy Mayor for Business:

- For London, the government's LEP review meant that LB Croydon would need to decide whether it was part of the LEAP or the Coast-to-Capital LEP, as a local authority cannot now be part of two LEPs. It also meant that the LEAP needed to recruit four additional business members (so they make up the majority of the Board's membership)
- A proposal for funding around training on Business Rates relief for workspaces led to a request from Leaders for a more strategic conversation at the LEAP about workspaces, specifically, how to manage the tension between business rates as a future revenue stream for boroughs and the GLA and supporting small businesses to grow.
- London was the European centre of Artificial Intelligence (AI) businesses and suppliers, and second only to Silicon Valley globally. The LEAP agreed to fund a series of pilot projects to support this sector, including working with Small and Medium-Sized Enterprises (SME)s to consider how they can best use AI and linking them with AI suppliers in London.
- The LEAP endorsed a £22m capital fund proposal from Lambeth College for the development of a STEM centre at Nine Elms. Lambeth College was in the process of merging with London South Bank University (LSBU) – the first time an Further Education college would merge with a Higher Education institution. This was very good news for that area
- LEAP members requested discussions on London's Local Industrial Strategy and on London's relationship with the rest of the UK, at future meetings.

Cllr Darren Rodwell (Labour, Barking and Dagenham, Housing and Planning) reported that he, Cllr Richard Cornelius (Conservative, Barnet), Cllr Claire Coghill (Labour, Waltham Forest, Business, Europe and Good Growth) and Cllr Dombey sit on the **Homes for**



**Londoners Board** chaired by the Mayor. He reported back from the meeting on 4 September:

- Increasing supply was a primary focus (TfL and the G15 reported on their progress)
- Key concerns remained about the deliverability of overall and affordable targets, and in particular the compound impacts of the London housing market slowdown, the growing construction skills crisis and the risks presented by the uncertainty around Brexit
- However, recent central government announcements (e.g. on the lifting of the HRA cap) added momentum to borough building.

Cllr Dombey mentioned the HfL board's discussion of new construction techniques such as precision manufacturing that meant that much house-building work can be done away from the site itself which has traditionally not been a welcoming environment for women. This could boost the number of women involved in building construction.

Cllr Georgia Gould (Labour, Camden, Skills and Employment) reported on the first meeting of the **Skills for Londoners** (SfL) Board meeting which had been held on 21 September 2018. The Board advises the Mayor on the use of the devolved Adult Education Budget (AEB) and the wider skills system. There were five borough leaders on the Board, comprising the relevant London Councils' portfolio-holder, Cllr Gould, and four representatives of sub-regional groups nominated by London Councils: Cllr Govindia, Cllr Rodwell, Cllr Dombey and Cllr Steve Curran (Labour, Hounslow) alongside five providers and five employer representatives. Cllr Gould co-chaired the first meeting with Jules Pipe, Deputy Mayor for Planning, Skills and Regeneration.

The main agenda items and issues discussed included:

- Setting up three advisory groups – one on apprenticeships, one on construction skills and another on outcome-based commissioning.
- The Skills for Londoners Framework would be published in the Autumn
- A joint paper (by London Councils and the GLA) on initial skills and employment priorities for London's Local Industrial Strategy and the UK Shared Prosperity Fund (replacement EU funding). suggested the GLA share some of the resource it now had around skills. A workshop in November would develop the boroughs offer to the Mayor

- Whilst preparations were broadly on track for the transfer of AEB funding in August 2019, the GLA was experiencing challenges with DfE around a lack of data sharing and lack of clarity around a final budget (not expected to be confirmed until January 2019)
- The Mayor would be celebrating the centenary of adult education at the City Lit Institute in 2019 and developing a vision for future adult education.

Leaders' Committee agreed to note the oral updates.

## **7. IHRA Definition of Antisemitism**

The Chair introduced the report. Eighteen London local authorities had already agreed to adopt the IHRA definition of Anti-semitism and it was hoped, if Leaders' Committee agreed, to encourage the remainder to adopt it as well.

Leaders' Committee agreed to commend consideration of the following, by those London local authorities that had not already done so:

- Adoption of the IHRA definition of antisemitism, including the agreed working examples
- Inclusion of the IHRA definition and working examples within individual councils' constitutions and codes of conduct for members and officers.

## **8. Annual Audit Report 2017/18**

The Director of Corporate Resources introduced the report saying:

- It presented the annual audit report issued by KPMG, London Councils' external auditor, received by the Audit Committee on 18 September 2018
- There were no qualifications, no audit differences and no matters arising, just two minor adjustments to note
- This was the last year of KPMG's contract with London Councils and, since London Councils was outside the provisions of the Local Audit and Accountability Act 2014, its audit would need to be retendered.

Cllr Teresa O'Neill (Conservative, Bexley) asked to pass on the comments of Cllr Roger Ramsey (Conservative, Havering) Chair of the Audit Committee that his committee was grateful to the Finance staff for their diligent work on the accounts. The Chair echoed his comments as did Leaders' Committee which agreed to note the Annual Audit Report for 2017/18.

## **9. Appointment of a Digital Champion**

The Chair introduced the report saying that it was thought beneficial to appoint a member Digital Champion (with shadows from the other political parties) to advocate, at a political level, London Councils' work on promoting and facilitating the use of digital data, tools and technology.

Leaders' Committee agreed to appoint Mayor Glanville as Digital Champion with Cllr Damian White (Conservative, Havering) and Cllr Jon Tolley (Liberal Democrat, Kingston) as his shadows.

## **10. Minutes and summaries**

Leader's Committee is recommended to note the minutes:

- TEC Minutes – 14 June 2018
- Audit Committee – 21 June 2018
- GLEF AGM – 28 June 2018
- CAB – 10 July 2018
- Grants AGM – 11 July 2018
- TEC Executive – 19 July 2018
- Audit Committee – 18 September 2018.

The Chairman moved, and Leaders' Committee agreed, the removal of the press and public to discuss items exempt from the Access to Information Regulations under the provisions of the 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).

The meeting ended at 12:10.

## Action points

Item		Action	Progress
6.	<b>Feedback from Joint Boards</b> <ul style="list-style-type: none"> <li><b>LCRB</b> Metropolitan Police Commissioner Cressida Dick be invited to a future Leaders' Committee meeting</li> <li><b>LHB</b> On Estates, some thought to be given to an estimated capital requirement to match the period of the 10 year vision being developed by the NHS.</li> </ul>	<b>Chief Executive's Office/PAPA Strategic Policy</b>  <b>PAPA Health</b>	<p>Will be attending Leaders' on 4<sup>th</sup> December</p> <p>Ongoing. Have raised with the London Estates Delivery Unit. LEDU presented to HWB Chairs' Network on 30 November.</p>
7.	<b>IHRA Definition of Antisemitism</b> <ul style="list-style-type: none"> <li>Commend consideration of the following, by those London local authorities that had not already done so: <ul style="list-style-type: none"> <li>Adoption of the IHRA definition of antisemitism, including the agreed working examples</li> <li>Inclusion of the IHRA definition and working examples within individual councils' constitutions and codes of conduct for members and officers.</li> </ul> </li> </ul>	<b>PAPA Strategic Policy</b>	<p>Local authorities have been advised of Leaders' Committee's decision and the request of boroughs.</p>

# Leaders' Committee

## Crime and Policing

Item No 4

**Report by:** Doug Flight **Job title:** Head of Strategic Policy

**Date:** 4 December 2018

**Contact Officer:** Doug Flight

**Telephone:** 020 7934 9805 **Email:** [Doug.flight@londoncouncils.gov.uk](mailto:Doug.flight@londoncouncils.gov.uk)

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**Summary:** Leaders' Committee will be addressed by:

- Sophie Linden, Deputy Mayor for Policing and Crime and
- Cressida Dick, Commissioner of the Metropolitan Police.

It is anticipated that their briefing of Leaders' Committee will include issues around serious violence, the continuing rollout of Basic Command Units (BCUs) and sustaining strong partnerships with boroughs and London Councils. This report provides a background briefing on these issues.

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**Recommendation:** Leaders' Committee is asked to:

1. Consider the issues set out in the report, as a basis for discussion with the Deputy Mayor and Commissioner of the MPS.
2. Note the work by London partners to tackle serious violence.

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# Crime and Policing

## Introduction

1. The Deputy Mayor for Policing and Crime, Sophie Linden, and the Commissioner of the Metropolitan Police, Cressida Dick, will address Leaders' Committee to provide an update on key policing and community safety issues in London. The Deputy Mayor provided an earlier briefing to Leaders' Committee in October 2017 and was accompanied on that occasion by the Assistant Commissioner for Territorial Policing, Martin Hewitt.

## Serious Violence

2. London boroughs are engaged in a broad programme of work with local and regional partners, to develop plans and strategies in response to the increase in youth violence and knife crime.
3. The Mayor's Knife Crime strategy, which was launched in June 2017, has the following components:
  - Targeting lawbreakers
  - Offering ways out of crime
  - Keeping deadly weapons off our streets
  - Protecting and educating young people
  - Standing with communities, neighbourhoods and families against knife crime
  - Supporting victims of knife crime
4. Earlier in the year, London Councils brought together with the Association of London Directors of Children's Services (ALDCS), borough Heads of Community Safety and Chief Executives to deepen the understanding of effective practice at the borough level and to identify areas for collaboration at the local and regional level.
5. A survey of boroughs conducted by London Councils in May 2018 showed that:
  - **Firstly**, all boroughs had put a strategic approach to SYV in place.
  - **Secondly**, there is a wide range of practice in place, from tried and tested approaches, to innovative models.
  - **Thirdly**, boroughs have all developed their own local answers to questions such as :

- how to strike the right balance between prevention and “here and now” responses.
  - how to involve and work with local communities.
6. In June 2018 a [repository of practice](#) on serious violence was established on the London Councils website, to provide a resource on local and pan-London practice.
  7. Boroughs have continued to step up local interventions to tackle knife crime in response to the recent spike. Over the summer, boroughs strengthened local partnership knife crime action plans – drawing on a framework that London Councils developed with MPS and MOPAC earlier in the year - with input from professional networks.
  8. London Councils is now in the process of identifying best practice that is emerging from the refreshed Knife Crime Action Plans - working with the boroughs, MOPAC and the MPS. We will make this available to boroughs on the London Councils website. We are also seeking to identify and help overcome barriers to local initiatives, such as issues relating to consistent availability of good analytical products from the MPS, school exclusions policies and fair funding for local services.
  9. A series of interactive workshops has been established to allow practitioners to share learning and strengthen local responses. The first of these sessions took place in October, to share learning from the Glasgow approach to serious violence. Further ‘Learning Hubs’ have been scheduled on the role of Education in preventing serious violence and on trauma informed approaches.

#### Violence Reduction Unit

10. Plans were mooted in the summer for the establishment of a Violence Reduction Unit (VRU) in London, with a view to embedding a longer term approach to tackling violence and informed by the wider public debate about ‘a public health approach’ to tackling violence. A number of London boroughs have already deployed local responses that are informed by this approach.
11. Cllr Lib Peck made representations to the Deputy Mayor for Policing and Crime, Sophie Linden, early in September, calling for an enhanced response to youth



violence that would build on boroughs' strengths and be underlined by a long-term commitment to prevention. She went on to set out principles that should underline any new pan-London initiative to tackle violence:

- It should be co-designed and co-owned by key partners, including boroughs.
- It should work towards embedding a long term strategy.
- It should balance firm action on enforcement with targeted prevention and diversion.
- It should drive resources to the front line, rather than amassing them at the centre: hence supporting front-line policing and front-line interventions by councils to tackle the drivers of criminality and protect those who are vulnerable to exploitation.
- It should add value - not duplicate or erode commitment to existing work, including work to tackle knife crime and action on violence against women and girls.
- It should work with and support boroughs, which are best, placed to lead local engagement with communities.

12. The Mayor formally announced the intention to establish the Violence Reduction Unit (VRU) on 19 September 2018. Whilst the precise details are yet to be confirmed, the outline objective is the establishment of a multi-agency resource to address violent crime in London.

13. A Partnership Reference Group has been established by the Mayor to help design the VRU. Its first meeting was held on Monday 29 October 2018. Cllr Lib Peck has joined the Group, alongside John O'Brien and Carolyn Downs (London Councils' Lead Chief Executive Adviser on Crime and Policing). Senior practitioners from Children's Services and Housing will also join the Group.

14. City Hall has begun mobilisation of the Unit and has involved partners in the recruitment of a permanent VRU Director. Early work has recently been commissioned to inform the VRU's purpose and priorities, including:

- A review of homicides across London to identify patterns and causal factors – building on promising local initiatives, such as the one taken in Croydon.

- A strategic needs assessment, which could provide a useful starting point for debating the VRU's priorities including the inclusion of work to tackle violence against women and girls (e.g. domestic abuse, gang-associated sexual exploitation).

## MPS Transformation Programme

15. A number of changes to the organisation of local policing across London are being implemented in the context of the Mayor's statutory Police and Crime Plan and the Metropolitan Police Service (MPS) transformation proposals, which are known as the 'One Met Model 2020'. The model is based on delivering local policing through a revised structure of 12 Basic Command Units ( BCUs ) , each comprising more than one borough.
16. The BCU model builds on the strategic priorities set out in the Police and Crime Plan and includes a series of changes to local policing based around the following core service areas:
  - a. Neighbourhoods - Including of 2 Dedicated Ward Officers (DWOs) and one PCSO per ward that will be 'ring fenced' from abstraction.
  - b. Protecting Vulnerable People - Bringing together both local and previously centrally managed services that have been dealing with child abuse, rape and domestic violence in one place. This should provide a foundation for developing a more joined up, victim-focused service.
  - c. Response Teams - teams that have been brought together to cover a larger footprint, yielding potential efficiencies and reducing 'handovers' of investigations.
  - d. Local Investigations - teams of investigators will respond directly to the more serious and complex crimes .
17. The MPS began testing the 'One Met Model 2020' in January 2017 in two pathfinder areas:
  - a. Camden and Islington
  - b. Barking and Dagenham, Havering and Redbridge.

18. A number of concerns were reported by local partners, particularly about the impact on emergency response times which peaked during the pilots.
19. The MPS made a number of changes to the model, following feedback from the pilot areas. These changes included improving the despatch arrangements which underpin delivery of emergency response times. The MPS also strengthened the management tier in each BCU with the aim of building in stronger links with boroughs.
20. The wider roll-out of the model began in June 2018 and involved three main waves. The final wave is due to have commenced by the time of the December Leaders Committee, with the last remaining BCUs due to go live early in the New Year.

### Crime Reduction Funding

21. Leading members at London Councils, including Cllr Lib Peck (Lead Member for Crime and Public Protection, Cllr Nickie Aiken (Conservative Lead for Crime and Public Protection) and Cllr Liz Jaeger (Liberal Democrat Lead for Crime and Public Protection) engaged with the Deputy Mayor for Policing over the summer in relation to proposed changes to the allocation of the London Crime Prevention Fund (LCPF). MOPAC's intention was to update the data used in the allocation formula and to change the indicators to align more closely with the Police and Crime Plan priorities.
22. Following representations by leading members, the Deputy Mayor agreed in October 2018 to introduce 100% protection for those boroughs that faced projected funding reductions in 2019/20 and 2020/21 ( *when compared to the indicative allocations of 2018/19*). The protection will be funded at a cost of £1,118,248, from the remaining co-commissioning budget.

### Criminal Justice Devolution

23. An initial Criminal Justice Memorandum of Understanding was agreed between the Ministry of Justice, the Mayor and London Councils in March 2018. This delivered on a commitment made in the 2017 London Devolution agreement.
24. London partners are now negotiating a second MoU, which has the potential to lock-in commitment from Government to devolving additional levers, powers and

resources that will help London deliver in priority areas. There is an expectation that the second MoU will be concluded by summer 2019.

25. The focus of much of the MoU is potential devolution to a pan-London level, which is arguably the most appropriate geography for this work. The potential benefit for boroughs is likely to come in relation to specific elements, including:

- Improving the Community Rehabilitation Company's delivery by securing a '*seat at the table*' for the next round of 'co-commissioning' of probation services for offenders who have served shorter terms in prison.
- Improving services for victims.
- Improving outcomes for female offenders through diversion from the criminal justice process and implementing a whole systems approach across London with statutory, voluntary and criminal justice partners.

26. In the context of the current focus on tackling serious youth violence, The Deputy Mayor has signalled that she is keen to talk to London Councils and the Youth Justice Board in the months ahead about potential opportunities for devolution to tackle youth violence.

27. Progress on the Criminal Justice devolution negotiations has been regularly reported to the London Crime Reduction Board (LCRB) which is chaired by the Mayor. Cllr Peter John (Chair of London Councils), Cllr Lib Peck (Lead Member for Crime and Public Protection, Cllr Nickie Aiken (Conservative Lead for Crime and Public Protection) and Cllr Liz Jaeger (Liberal Democrat Lead for Crime and Public) also sit on the LCRB. In addition, Cllr Lib Peck sits on the London Justice Devolution Board which is chaired by the Deputy Mayor and steers the development of the negotiations with the MoJ.

## Conclusion

28. Leaders' Committee is asked to:

1. Consider the issues set out in the report, as a basis for discussion with the Deputy Mayor and the Commissioner of the MPS.
2. Note the work by London partners to tackle serious violence.

**Financial implications for London Councils**

None

**Legal implications for London Councils**

None

**Equalities implications for London Councils**

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

# Leaders' Committee

## Exiting the EU - Update on Local Engagement

Item no: 6

**Report by:** Doug Flight      **Job title:** Head of Strategic Policy  
**Date:** 4<sup>th</sup> December 2018  
**Contact Officer:** Doug Flight  
**Telephone:** 020 7934 9805      **Email:** [doug.flight@londoncouncils.gov.uk](mailto:doug.flight@londoncouncils.gov.uk)

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**Summary:** This paper provides an update on preparatory activity at a local and pan-London level in relation to identifying opportunities and mitigating risks for London local government as a result of the UK's planned exit from the EU.

**Recommendations:** Leaders' Committee is asked to note this report



## Exiting the EU- Update on Local Engagement

1. This paper provides an update on preparatory activity at a local and pan-London level in relation to identifying opportunities and mitigating risks for London local government as a result of the UK's planned exit from the EU.
2. London Councils has been actively engaging with Government, the Mayor of London, and the LGA to ensure that London's particular needs in relation to exiting the EU are heard. We have also continued to make the case to Government for appropriate powers transferred from the EU to the UK to be devolved to local government.
3. Contingency planning is also being taken forward under the auspices of the statutory London Resilience Forum, at the request of Government.
4. The London Councils Executive Member for Business, Europe and Good Growth has identified the following areas of particular focus for London local government:-
  - securing the funding and flexibility that London needs through an equal, fully devolved UK Shared Prosperity Fund (UKSPF) and a new flexible public procurement that enables councils to promote growth and support businesses locally;
  - ensuring London maintains access to the skills needed for its economy and critical services to succeed in a post-Brexit UK economy;
  - supporting European Londoners in securing their continued rights to live in the UK and participate in local government elections.

### **Brexit Ministerial Local Government Delivery Board**

5. The Secretary of State for Housing, Communities and Local Government announced the creation of a Brexit & Local Government Delivery Board at the LGA conference in July 2018. The Chair of London Councils (Cllr Peter John – Leader LB Southwark) and the London Councils Executive Member for Business, Europe and Good Growth (Cllr Clare Coghill) have been invited to join the Board. The Delivery Board also includes senior political representatives from the LGA, County Councils Network, District Councils Network, and the Core and Key Cities Groups. The Board provides a forum for consideration of the impact of exiting the EU with, or without a deal, on local government, including workforce, supply chains, and council services.
6. The Secretary of State focused discussion at the first substantial meeting of the Board in September around the potential implications for local government of exiting the EU without a deal. A number of issues and questions were highlighted by the local government representatives, including the arrangements for the proposed UK Shared



Prosperity Fund and the importance of devolved skills provision in London. The Board also considered the need for clarity in relation to eligibility of EU nationals in future elections and the need for adequate notice in relation to any changes in Environmental Health regulations ( to allow for adequate preparations and training).

7. The Board was due to meet again on 28 November 2018 and a verbal update on any key issues that emerged will be provided to Leaders' Committee.

### **Local Preparations and Planning**

8. London Councils has continued to liaise with boroughs to identify any learning or common issues arising from their managerial-level preparations for the consequences of exiting the EU. Boroughs have established a range of managerial responses, often building on existing risk management and contingency planning arrangements, to ensure that plans for mitigation can be deployed where appropriate. Boroughs have identified issues in relation to:

- Workforce – EU citizens underpin key services in London, including health and social care, construction, hospitality and tech, amongst many others. As a key employer in the capital and as a provider of statutory services, boroughs are concerned that future restrictions to EU migration could exacerbate existing skills shortages for the public sector and local businesses.
- Communities – Boroughs are planning to monitor the potential impact on community cohesion and many have plans in place to provide support to European residents throughout the EU settlement scheme process.
- Financial Impact – Loss of funding from the EU for employment, development and regeneration programmes could limit the impact of similar projects in future. Replacement funding from Government must be devolved locally and of at least equal in value to the current EU funding programme. Councils and businesses are concerned about any potential reduction in economic growth that could affect their revenue and inhibit local growth.
- Public Services – There are concerns over boroughs' ability to meet potentially increased demands or effectively deliver services that already suffer from skill shortages or a lack of investment as a result of the UK's exit from the EU. Increased border checks and controls may impact supply chains from the EU,

with specific concerns for local authorities over construction materials, food and medical supplies. There are also concerns regarding the potential for increased demand and the need for local authority support at London's international borders and ports.

## **Contingency Planning**

9. The Government has published a number of technical notices to inform businesses and communities and guide planning and preparations for the implications of a no-deal scenario. During this time, the LGA has been working closely with Government to develop a better understanding of the potential impact of exiting the EU with or without a deal on councils across the UK. The LGA has highlighted the direct and secondary implications of exiting the EU without a deal for councils, including the impact that changes to importing and exporting, business regulation, workplace rights, and access to EU-funded programmes could have. More information from the LGA on how exiting the EU could affect councils across the UK can be found here:

<https://www.local.gov.uk/topics/european-and-international/brexit>

10. Contingency planning is also being taken forward under the auspices of the statutory London Resilience Forum, at the request of Government. Local authority input to this process is co-ordinated through the Local Authorities' Panel, which is chaired by John Barradell, Chief Executive of the City of London. The Panel has led on liaison with local authorities' in relation to preparedness for the short-term resilience related impacts of a no deal situation. This helped inform the London Resilience Forum's early assessment of issues and began to build a picture of what additional support might be required to further London boroughs' individual and collective preparedness for a range of immediate challenges that could emerge as a result of no deal. Priority areas for further contingency planning include areas of concern for local government such as supply chain disruption, delays at UK border ports, workforce issues and social impacts. The Forum is overseeing a risk based approach, which will evolve over time as further clarity emerges about the UK's future relationship with the EU.

## **Conclusion**

11. It will be important that local insights into the anticipated place-based impacts and opportunities of exiting the EU continue to be identified in the months ahead. London Councils can support this through continued engagement with Government, the Mayor and LGA in the run-up to March 2019.
  12. Leaders' Committee is asked to note this report.
-

**Financial implications for London Councils**

No immediate implications.

**Legal implications for London Councils**

None

**Equalities implications for London Councils**

None

# Leaders Committee

## London Youth Games

Item no: 7

**Report by:** Dianna Neal      **Job title:** Strategic Lead: Enterprise, Economy and Skills  
**Date:** 4 December 2018  
**Contact Officer:** Dianna Neal  
**Telephone:** 020 7934 9819      **Email:** dianna.neal@londoncouncils.gov.uk

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### Summary

The attached briefing from the London Youth Games (LYG) Foundation provides Leaders with an update on:

- The finances of LYG, including efforts to replace funding from the previous sponsor of the Games, Balfour Beatty;
- Changes to the governance of LYG, so that it complies with Sport England's new Code of Governance. The briefing suggests new ways to keep boroughs informed about the Games, including a formal annual report to Leaders.

The briefing also canvasses the potential for individual boroughs to fund the London Youth Games at the current level of £7,000 per borough per year in 2018/19 and 2019/20. The subscription rate will be formally set at the LYG Annual General Meeting (AGM) on 5 December 2018.

LYG plan to write to all Leaders setting out this information formally.

**Recommendations**      That Leaders note the briefing from London Youth Games.

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## **Introduction**

1. London Youth Games Foundation manages a competitive framework of sporting events for Boroughs and schools, supported by an award-winning volunteer programme, across London. Every year we provide the events and overall structure for over a hundred thousand young people from across all of London's boroughs and the City of London to take part in sport and competitions of the highest quality. This enables young people to come together, proudly representing their borough communities, in a safe, inclusive and supportive environment – one where they are able to find out just what their best can be when they strive together as part of their borough team. London Youth Games celebrated its 40<sup>th</sup> anniversary in 2017. This briefing note updates Leaders on two important issues, finances and governance.

## **Finances**

2. As you may be aware, we had a long-standing partnership with Balfour Beatty who provided a substantial proportion of the cost of the Games. However, as a result of their financial situation, that came to an end and we have been seeking to replace this funding. From the start of this process, the Board of LYG have been clear that, given the financial pressures we know all boroughs are under, we would not seek any additional funding from boroughs. The membership fee which boroughs pay has stayed at the same level (£7,000) for the last 4 years, having actually been reduced slightly from £7,200 the last time it was looked at. The Board have also been clear that LYG needs to live within its means. Without additional funding, the consequence of this would be a possibly significant reduction in the programme of events that we put on over the 10 months of the Games Year.
3. In other attempts to reduce the demands on officers in the London local authorities, we have also made the entry processes as streamlined as possible. This has culminated this year in the introduction of a new IT platform. This has been developed with the support of London Sport and, as well as making the entry process more efficient, it will also enable us to improve the experience for young people and engage with them more directly. Hopefully this will enable us to drive increased levels of physical activity in various ways.
4. Following discussions over recent months with both public and private sector funders we are hopeful that we have managed to plug the hole from the Balfour Beatty funding. Discussions are at an advanced stage and we are extremely hopeful that we can conclude this satisfactorily. At this stage, negotiations are commercially confidential but Leaders will be updated as soon as we are able on the details and implications. If we are successful it will mean we can continue to provide the opportunities for young people from each of your boroughs to take part at the same scale as we have done in recent years. Indeed, our ambition is to enhance our programme, particularly in relation to those less likely to take part in active sport. Developments in this respect will be made discussion with Borough representatives.
5. One of the attractions of LYG to our putative private sector partner is the engagement of all 33 local councils in London. We would very much like to confirm that this will be a continued feature. The on-going support of London local authorities is also an important aspect of our funding. If Leaders felt able it would be appreciated if all 33 borough members were to commit now to the next two years (the 2019 and 2020 Games Years) of funding at this same level of £7,000 per annum, with LYG continuing to commit to find other funding for any increases in costs.

## **Governance**

6. We have also been reviewing and updating our governance arrangements in order to make sure they are still fit for purpose, especially in the light of the publication of a new Code of Governance by Sport England. Sport England are our major funder contributing nearly twice the combined total of

London local authorities. Even if we manage to conclude the discussions referred to above to secure other funds, they will continue to be so. All bodies which receive funding from Sport England need to comply with this Code. We see ensuring compliance with this Code as an opportunity to ensure we are at the forefront of good governance in the sector.



7. Our governing documents currently provide that our legal status as an organisation is as a company limited by guarantee, with each of the boroughs as members (effectively our 'shareholders'). This means that each borough should select a "member representative" who can attend and vote at our AGM on behalf of the borough (our next AGM is December 5<sup>th</sup> 2018). Our Board comprises of "up to 7" borough representative trustees (as elected to the board by the rest of the boroughs at the AGM) and "up to 7" independently recruited trustees. The actual number of London local authority representatives on the Board has varied over time. In recent years, given what we realise are ever increasing demands on councillor time, we have not always found it easy to recruit borough member representatives to sit on the board. This has caused some challenges from a governance perspective.
8. In the Sport England Code, there are particular requirements around the size, make up and diversity of boards. Firstly, the Code requires boards to have a maximum number of 12 members (our maximum is 14). In addition, one of the further, very positive, requirements from the Code is that we have to ensure an appropriate level of diversity of both skills and representation on the board. With the nomination of local authority trustees out of our hands, it can be a significant challenge for us to manage this.
9. In parallel with the Sport England changes, LYG recognises that it has the opportunity to improve accountability to you, and your visibility of the impact of our work on young people, as the Leaders of our member boroughs.
10. With all of this in mind, we are proposing the following changes to our governance arrangements. On the basis of our discussions with Sport England we believe that this will allow us to be compliant with their requirements whilst also providing for strong engagement with our local authority members:
  - LYG will submit a formal annual report directly to you as Leaders, to the councillors who are your member representatives, and to your Chief Executives. We will work with London Councils to agree the structure of this report to ensure it provides the information you require. It will, of course, detail the work of the Games during the previous year and our plans for the future, and provide detailed evidence of what we have achieved. This would be issued in September / October of each year;
  - in order that we make it easier to ensure we have a fully populated board, which has a full diversity of skills and backgrounds, that we increase the number of independently recruited trustees on our board to 9. This would reduce the number of borough representative members to 3;
  - since councillors on the board lost their seats in May, there has only been one borough representative and so we would ask that you continue to encourage your borough representative councillors to consider joining our board to help shape our future direction and to ensure we are delivering what boroughs want – in particular, we would like strongly to encourage women and those from a Black and Minority Ethnic background to consider joining the board. As mentioned above our next AGM is 5 December; and
  - that we continue to work with the appropriate officers in your councils to improve the operational accountability and engagement with boroughs. How we do this will then constitute a part of our annual report to you.



## **Conclusion**

11. The current trustees believe very strongly in the work of the Foundation, the positive impact that it has on those young people in your boroughs who take part, and the vital importance of your continued high level support for the Games. We want to continue to grow and improve the experience of those taking part, especially to help deliver against the health, personal and community development objectives which we know are important to you. We believe that the proposed approach, the funding from third parties along with your continued commitment, will help to safeguard the future of the Games for the next generations of young people to take part.
12. LYG Foundation looks forward to continuing to work together to ensure the success of the Games for the next 40 years.



# Leaders' Committee

## Collaborative Housing Projects

Item no: 8

**Report by:** Eloise Shepherd      **Job title:** Head of Housing and Planning Policy  
**Date:** 4 December 2018  
**Contact Officer:** Eloise Shepherd  
**Telephone:** 020 7934 9813      **Email:** Eloise.shepherd@londoncouncils.gov.uk

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### Summary

Due to the extremity of the housing crisis and the extent of homelessness in London, boroughs have increasingly considered joint ways of working to ensure the best outcome for residents and increased efficiencies for boroughs. This report details two such projects – Capital Letters (joint procurement of housing for homeless people supported by MHCLG grant funding) and the PLACE modular housing project (providing modular housing on meanwhile sites for use as housing for homeless people).

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**Recommendations** Leaders' Committee is asked to:

- **note the proposed data sharing arrangement, giving all London boroughs increased visibility of available data and offer any guidance on whether this should be reported directly to Leaders' Committee or made available through other means.**
- **note the imminent launch of PLACE and to bear the project in mind when considering use of meanwhile sites.**
- note the contents of the rest of the report



# Collaborative Housing Projects

## 1. Capital Letters

### 1.1 Background

Leaders will be abundantly aware that the housing pressures on low income households in London have perhaps never been higher. As a result, a more co-ordinated effort is required from councils across London to source an improved supply of suitable accommodation to meet demand. London Councils has been facilitating work by London boroughs via the Housing Directors group to develop a model which would enable better outcomes for homeless / at risk households and for councils.

In 2015 the Housing Directors Group set up a formal 'Temporary Accommodation Supply Sub-Group' which looked into new solutions for increasing supply and was supported by London Councils officers. Both projects in this report were first considered in, and initially worked up by, this group.

The result is the creation of Capital Letters. Leaders' Committee agreed the sign off of the business planning process (which was funded by MHCLG) in October 2017 as part of a broad housing update and fuller proposals have since been brought to Executive (June 2018).

The primary objective of Capital Letters is, on behalf of participating boroughs, to procure and manage accommodation for homeless households and those at risk of homelessness. The benefits of Capital Letters include the increased supply of local accommodation for those at risk of homelessness.

This model is based on jointly procured supply of accommodation, as well as outsourced management. There is a focus within the model on the removal of competition and duplication of effort between boroughs. Landlords and existing managing agents will benefit through a more straightforward interface with London boroughs. As indicated previously, local placements are emphasised in the model.

Capital Letters is being set up as a new Company Limited by Guarantee, owned by London boroughs, with the support of the Ministry of Housing, Communities and

Local Government and the Greater London Authority. At the outset there will be at around 15 member (owner) boroughs, see detail below.

MHCLG has allocated £37.8m to support the Capital Letters programme over 3 years. This has been top-sliced from the national budget for Flexible Homelessness Support Grant. If the project were not in existence, the money would be redistributed nationally. The funds have now been formally agreed, subject to performance and monitoring, for all three years.

## 1.2 Project Governance

With the support of the Ministry of Housing, Communities and Local Government (MHCLG) and London boroughs, Capital Letters intends:

- To increase the supply of local, suitable private sector accommodation to prevent and relieve homelessness in London, facilitated by the boroughs that intend to become members of the company and boroughs that will join the company in future phases.
- To achieve better value for money, by pooling resources and sharing expertise, and to allow the London boroughs to genuinely act together to tackle homelessness rather than compete for accommodation.
- To allocate properties as locally as possible to avoid obliging households to move away from their home area.
- To provide stable, suitable accommodation, whether ending a duty under the Homelessness Reduction Act or providing temporary accommodation until the duty can be met. This will shift provision away from short term, expensive and often unsuitable nightly paid accommodation, and reduce the number of people in temporary accommodation.

The draft Articles of Association (appended) set out the aims of the company as follows:

- to procure accommodation for homeless households and those at risk of homelessness by providing services in connection therewith to:
  - (a) the "A" Members; and

- (b) to any other customers (including "B" Members) as considered appropriate by the Members from time to time provided that any services to non-Members shall always remain incidental to the primary aim of providing services to the Members and do not account for more than 20% of the turnover of the Company in any financial year (or such other percentage of turnover as may be permitted by law from time to time) at all times as set out in Regulation 12 of the Public Contract Regulations;
- to undertake the management of accommodation for homeless households and those at risk of homelessness; and
- to provide such other services and undertake such other functions as are agreed by the Members from time to time

Capital Letters is to be set up as a Company Limited by Guarantee, wholly owned by member boroughs. The governance, membership obligations and business model have been developed by officers from London Councils and all London boroughs engaged in the project, and then finally agreed by officers within those boroughs joining as members of Capital Letters in phase one. Local Authorities are considering two classes of membership ("A" and "B"), with all boroughs who have so far joined choosing "A" member status:

- To become an "A" member, a Local Authority will agree to use CL for at least 50% of the total procurement for that body of dwellings to support the discharge of that body's statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area). "A" members will receive the full benefits of the MHCLG funding.
- Any member who does not meet this requirement will become a "B" member – they may receive services from the company (but will not be able to access the full benefits of the MHCLG funding without the commitment on volume of procurement as per "A" members).

The Annual General Meeting (a meeting of all member authorities), will appoint an operational Board of Directors. There must be no less than 3 and no more than 12 directors. MHCLG and London Councils will have observer status on the board. It is proposed that there will be two to three independent directors, with

voting rights, to bring additional legal, financial and HR expertise, with the remaining nine or ten directors being drawn from "A" member boroughs.

It is anticipated (although it will be up to individual boroughs) that the representatives at the annual general meeting comprise elected member representatives able to provide political oversight. Appointments to the operational Board are anticipated to then be at officer level (again, this is a borough decision). The full draft articles of association are appended to this report. Member boroughs will finalise this document on the point of company incorporation, which is expected in December 2018.

At the end of each financial year, the "A" Members shall each confirm to the Company (in a form that shall be agreed by the "A" Members from time to time) the percentage of its total procurement for that "A" Member of dwellings to support the discharge of its statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area) that was undertaken via the Company that financial year. In the event that this percentage is less than 50% the "A" Members have, at their discretion, the ability to terminate the "A" Member's Membership in accordance with article 12.14.

To fulfil the above, members will either second procurement staff, or fund the employment of Capital Letters staff. In the first year of operation, the number of properties procured for each borough will equal or exceed the number procured by that borough in the previous year (proportionate to the number of staff each borough has seconded or funded to Capital Letters).

### 1.3 Borough Involvement

As of the time of writing (November 2018) fifteen boroughs are planning to, or have already completed, their decision making to join Capital Letters. Not all of these boroughs have yet published their Cabinet Reports / Single Member Decisions on the matter those who have can be accessed below:

[Bexley](#)

[Brent](#)

[Ealing](#)

[Haringey](#)

[Lewisham \(Housing Select Committee\)](#)

[Tower Hamlets](#)

[Waltham Forest](#)

The total list of the fifteen comprises both Labour and Conservative controlled councils (with Liberal Democrat controlled boroughs expressing an interest in joining in the second phase, having contributed to the development of the scheme). The location of the fifteen is as below:

#### **Borough participation by location**

<b>Division between Inner and outer London</b>	<b>Boroughs confirmed going to Cabinet</b>
Inner-London	6
Outer-London	9

<b>Sub-regional division</b>	<b>Boroughs confirmed going to Cabinet</b>
East	6
North	2
South East	3
West	3
South West	1
<b>London total</b>	<b>15</b>

#### **1.4 The impact on Non Member boroughs and Information Sharing**

Properties will be procured across London according to need, availability, quality and cost, and will not be limited to areas within member boroughs. This reflects current practice. Capital Letters will abide by the agreed parameters of the pan-London Inter Borough Accommodation Agreement (IBAA), wherever properties are procured. The IBAA sets maximum rates to be paid by boroughs procuring Temporary Accommodation in their areas. It then facilitates the sharing of the information on rates with other borough areas. Non-member boroughs may, potentially, benefit from both increased transparency and reduced upward price pressures in the market.

It is proposed that Capital Letters will share with Leaders, within the constraints of commercial confidentiality, the IBAA data on rates paid compared with aggregate borough data on rates paid by other boroughs. It is anticipated that this will be provided on an annual basis, perhaps with additional releases in the first year.

There will be two dispute resolution mechanisms, one for disputes between members of Capital Letters (to be overseen by the operational Board) and one for disputes between Capital Letters members and other London boroughs.

- 1.1. Leaders are asked to note the proposed data sharing arrangement, giving all London boroughs increased visibility of available data and offer any guidance on whether this should be reported directly to Leaders' Committee or made available through other means.**

## **2. PLACE**

### **2.1. Project Background**

PLACE (Pan-London Accommodation Collaborative Enterprise) is a collaborative programme being brought forward by the London boroughs to deliver new temporary accommodation. It represents a step change in the London boroughs' approach to addressing the lack of adequate accommodation for homeless households.

PLACE will deliver new family-sized temporary accommodation by using precision manufactured construction methods on unutilised 'meanwhile' sites – sites that have an identified future use, such as a transport project, that cannot be realised at the present time. The programme has been taken forward by the London Housing Directors' Group in collaboration with London Councils. It is supported by £11 million of grant funding from the Greater London Authority's Innovation Fund and seed funding from Capital Ambition through the London Ventures programme.

This project will be the first of its kind – demonstrating innovation in the sector and the capacity of local authorities and manufacturers to work together to create solutions to the challenge of housing Londoners. In its first phase, the programme



will seek to deliver at least 200 temporary homes - increasing the supply of good quality family-sized accommodation for households that are homeless or at risk of homelessness, while also providing a better quality option for households living in temporary accommodation.

Delivering new two and three-bedroom homes that meet London Space Standards, the programme will take families out of overcrowded temporary accommodation, such as bed and breakfast, and provide better outcomes for households. The project will also help to ensure that families will remain close to their school, place of work and support networks.

We anticipate that the meanwhile sites will be available for five to ten years. When a meanwhile site needs to be used for permanent development, PLACE will also organise the next site for the modular units to move to. We anticipate that the homes will be moved four times over a 40 year life span. Key to these new homes, therefore, will be the ability for them to be moved around London.

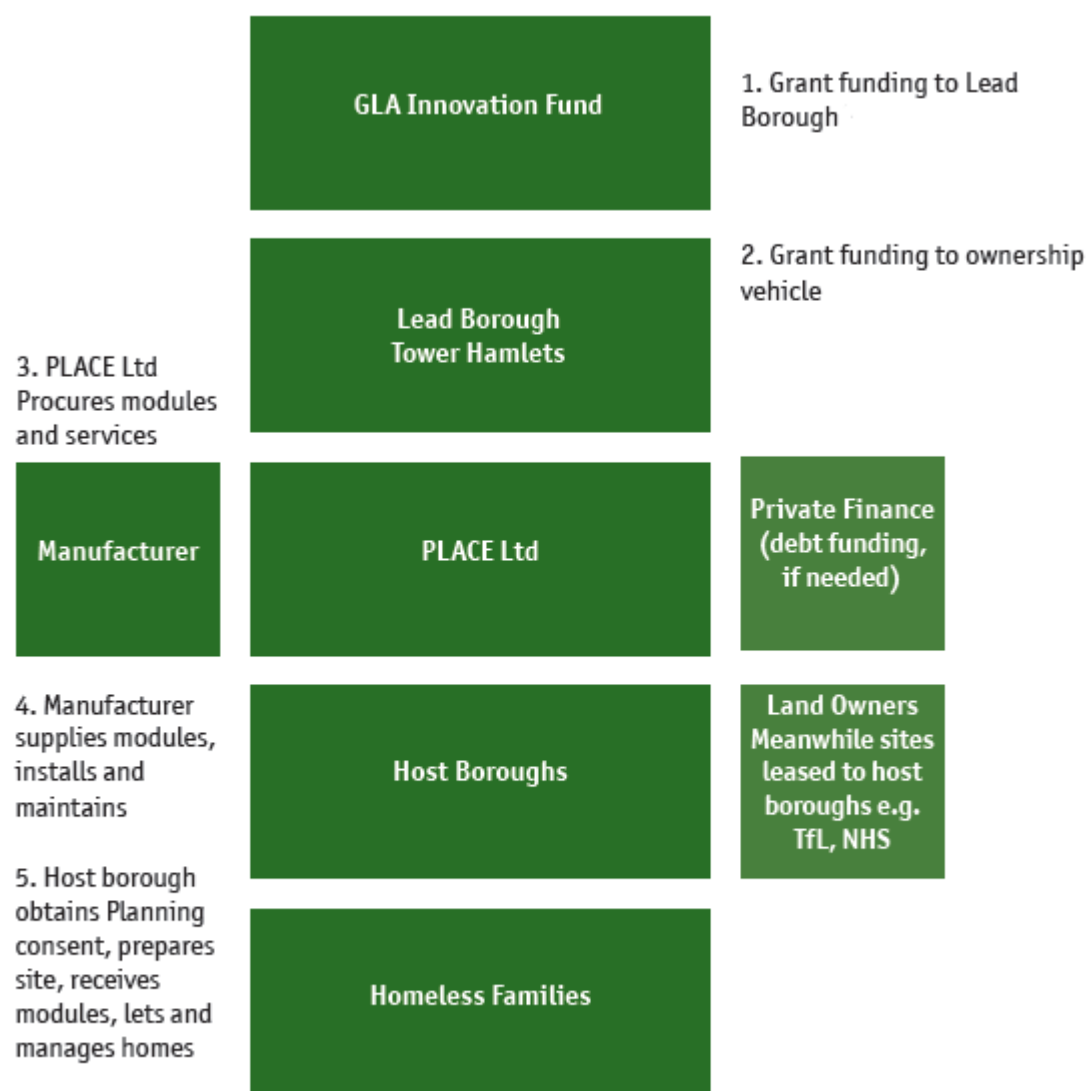
PLACE represents an opportunity for both local authorities and the development sector to show that it can deliver innovation for the public good. As the first of its kind, PLACE is likely to be a high profile programme that other cities and local authorities will be watching with a view to replicating if it proves to be successful.

## 2.2. Borough involvement and governance

The London Borough of Tower Hamlets is the lead borough for this project and will be entering into a grant agreement with the GLA. It is also hosting the suite of procurement work underway so that units can be deployed after April 2019.

There are currently three boroughs that have formally joined the company (in addition to Tower Hamlets, Ealing and Lambeth have done so). Three further boroughs are expected to join before the end of 2018. Seventeen boroughs were involved in the development group and many anticipate joining at the point where a site becomes available. There will be no impact on boroughs that choose not to be involved with PLACE.

The operational structure is summarised below:



### 2.3. Leaders are asked to note the imminent launch of PLACE and in to bear the project in mind when considering use of meanwhile sites.

#### Financial Implications for London Councils

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

#### Legal Implications for London Councils

There are no legal implications for London Councils arising from this report. Both projects have commissioned and received specific legal advice (PLACE via Anthony Collins, and Capital Letters via Trowers and Hamlin). Further advice in support of the project will be commissioned as needed.

#### Equalities Implications for London Councils

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



**dated 2018**

**[CAPITAL LETTERS] LIMITED**

**Articles of Association**

**Company number: [ TBC ]**

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**The Companies Act 2006**

**Company limited by guarantee and not having a share capital**

**Articles of Association**

**of**

**[CAPITAL LETTERS] LIMITED**

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**1 Interpretation and definitions**

In these Articles unless the context otherwise requires:

**the Act** means the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force;

**Articles** means these Articles of Association;

**Board** means the board of Directors of the Company from time to time;

**Chair** means the chair of the Board appointed pursuant to Article 21.10.1 or in his absence any vice or deputy chair appointed pursuant to Article 21.10.3;

**Clear Days** means in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**Committee** means any committee constituted under the provisions of these Articles;

**Conflict of interest** has the meaning given in Articles 21.9.1 and 21.9.2;

**"A" Director** means a Director appointed by an "A" Member in accordance with article 21.1.2 from time to time;

**"B" Director** means a Director nominated by a "B" Member in accordance with article 21.1.3 and appointed in accordance with article 21.1.4 from time to time;

**"C" Director** means a Director appointed in accordance with article 21.1.5 from time to time;

**Director** means a director of the Company, and includes any person occupying the position of director, by whatever name called;

**electronic form** and **electronic** means have the meaning given in section 1168 of the Companies Act 2006;

**financial year** means the year commencing 1 April and expiring on the subsequent 31 March;

**"A" Members** means the Members of the Company designated as "A" Members in accordance with Article 12 from time to time;

**"B" Members** means the Members of the Company designated as "B" Members in accordance with Article 12 from time to time;

**Local Authority** means a local authority in England or Wales as defined in section 270 of the Local Government Act 1972;

**Member** means a person whose name is entered in the Register of Members of the Company and including both "A" Members and "B" Members and **Members** and **Membership** shall be construed accordingly;

**Members Agreement** means the agreement entered into between the Members to regulate their relationship as Members of the Company;

**Ordinary Resolution** has the meaning given in section 282 of the Companies Act 2006;

**Public Body** means a body governed by public law as defined in the Public Contracts Regulations and **Public Bodies** and **Non-Public Bodies** shall be construed accordingly;

**Public Contracts Regulations** means Public Contracts Regulations 2015 and any statutory modification or re-enactment thereof for the time being in force;

**Special Resolution** has the meaning given in section 283 of the Companies Act 2006;

**Subsidiary** has the meaning given by section 1159 of the Act;

**the United Kingdom** means Great Britain and Northern Ireland; and

**Voting Representative** means the individual appointed by each Member to attend, speak and vote at general meetings on its behalf in accordance with Article 12.6.

## 2 **Interpretation**

2.1 Unless the context otherwise requires words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force on the date of incorporation of the Company.

2.2 In these Articles words importing individuals shall unless the context otherwise requires include corporations and words importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender.

## 3 **Model Articles**

These Articles shall apply to the Company in place of the Model Articles (attached in Schedule 2 to the Companies (Model Articles) Regulations 2008).

## 4 **Name**

The name of the company is [Capital Letters] Limited (the **Company**).

**5 Registered office**

The Company's registered office is to be located in England and Wales.

**6 Objects**

6.1 The objects of the Company shall be:

6.1.1 to procure accommodation for homeless households and those at risk of homelessness by providing services in connection therewith to:

(a) the "A" Members; and

(b) to any other customers (including "B" Members) as considered appropriate by the Members from time to time provided that any services to non-Members shall always remain incidental to the primary aim of providing services to the Members and do not account for more than 20% of the turnover of the Company in any financial year (or such other percentage of turnover as may be permitted by law from time to time) at all times as set out in Regulation 12 of the Public Contract Regulations;

6.1.2 to undertake the management of accommodation for homeless households and those at risk of homelessness; and

6.1.3 to provide such other services and undertake such other functions as are agreed by the Members from time to time.

6.2 The Company is not established or conducted for private gain and any surplus or assets are used principally for the benefit of the community. Its purpose shall be to fulfil its objects and whilst it is not a charity it will carry out its activities with charitable, benevolent and philanthropic aims in mind.

**7 Powers**

7.1 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless prohibited by these Articles.

7.2 The Members may, by Special Resolution, direct the Directors to take, or refrain from taking, specified action provided that no such Special Resolution invalidates anything which the Directors have done before the passing of Special Resolution.

7.3 Without limiting the powers described in Article 7.1 the Company shall have the power:

7.3.1 to purchase and maintain insurance for the benefit of any persons who are or were at any time Directors, officers or employees of the Company or any other company which is a Subsidiary or Subsidiary undertaking of the Company or in which the Company has any interest, whether direct or indirect, or who are or were at any time trustees of any pension fund in which any employee of the Company or of any other such company or Subsidiary undertaking are or have been interested, indemnifying such persons against liability for negligence,

default, breach of duty or breach of trust or any other liabilities which may be lawfully insured against;

- 7.3.2 to invest and deal with the monies of the Company not immediately required in such manner as may from time-to-time be determined and to hold or otherwise deal with any investments made, provided that the Company shall not have power to invest in any organisation which is a Member of the Company at the time the investment is made;
- 7.3.3 to promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company;
- 7.3.4 to pay all or any expenses incurred in connection with the formation and promotion and incorporation of the Company, the running costs and administration of the Company, the employment of consultants and the reimbursement of Directors' expenses;
- 7.3.5 to employ and pay any employees, officers, and professional or other advisers and to pay its Directors;
- 7.3.6 to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of the employees of the Company or of any Subsidiary, holding or fellow Subsidiary of the Company and of their spouses, widows or widowers, children and other relatives and dependants to lend money to any such employees or to trustees on their behalf or enable any such schemes to be established or maintained;
- 7.3.7 to borrow or raise money in such manner as the Company shall think fit and in particular by the issue (whether at par or at a premium or discount and for such consideration as the Company may think fit) of bonds, debentures or debenture stock (payable to bearer or otherwise), mortgages or charges, perpetual or otherwise, and, if the Company thinks fit, charged on all or any of the Company's property (both present and future) and undertaking, and collaterally or further to secure any obligations of the Company by a trust deed or other assurance;
- 7.3.8 to do anything that a natural or corporate person can lawfully do which is necessary and expedient in furtherance of its objects unless prohibited in these Articles.

## **8 Application of income and property**

- 8.1 The income and property of the Company shall be applied solely in promoting the Company's objects.
- 8.2 No distribution shall be paid or capital otherwise returned to the Members in cash or otherwise other than
  - 8.2.1 the payment in good faith:



- (a) of reasonable and proper remuneration (including pensions, contributory pension payments, payment of premiums to pension policies and terminal grants and gratuities) to any officer or employee of the Company in return for any services rendered to the Company;
- (b) of fees, remuneration or other benefit in money or money's worth to a company or other body corporate of which a Director may be a Member holding not more than 2% of the share capital and controlling not more than 2% of the voting rights at general meetings of such company or body corporate;
- (c) to any Director of reasonable out-of-pocket expenses;
- (d) of reasonable and proper remuneration to any Director who is not an employee of the Company in return for any services rendered to the Company;
- (e) of reasonable and proper rent for premises demised or let by any Member;
- (f) of reasonable and proper interest on money lent by any Member;
- (g) of any indemnities to Directors or other officers of the Company under Article 24.1 and any premium in relation to insurance in respect of liabilities of Directors and other officers of the Company in accordance with Article 24.2; or
- (h) subject to prior approval of all Members, to Members (and any former Member(s) which contributed to a distributable surplus within the preceding five years) of any surplus of the Company.

**9 Limited liability**

The liability of the Members is limited.

**10 Members' guarantee**

Each Member undertakes to contribute to the assets of the Company in the event of the Company being wound up while they are a Member of the Company or within one year after they cease to be a Member of the Company for payment of the debts and liabilities of the Company contracted before they cease to be a Member of the Company and of the costs charges and expenses of winding up such amount as may be required not exceeding one pound.

**11 Winding up**

If upon the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property whatsoever such property shall be divided between the Members (whose names appear in the register of Members at the date of winding up or dissolution) and any former Member(s) which contributed to the surplus within the five years preceding such winding up or dissolution. The division shall be proportionate to the total contribution to such surplus by each Member or former Member (based on a

reasonable relationship between the former Member(s) contribution and the distributable surplus) prior to the date of winding up or dissolution. For the purposes of this Article a certificate in writing signed by the duly appointed auditors for the time being of the Company as to the proportions in which any property is to be divided will be sufficient.

## 12 **Admission of Members and cessation of Membership**

- 12.1 The Members of the Company shall be divided into "A" Members and "B" Members. "A" Members and "B" Members will have the rights as specified in these Articles.
- 12.2 The subscribers shall be the first Members of the Company and shall be designated as "A" Members.
- 12.3 The Members may admit any other Public Body to Membership on receiving:
- 12.3.1 a written application confirming that it agrees to be bound by the provisions of the Articles; and
  - 12.3.2 where a Members' Agreement has been entered into, a signed deed of adherence to the Members' Agreement
- from any such body.
- 12.4 A Member admitted under article 12.3 above shall be designated as an "A" Member or a "B" Member by the "A" Members upon admission.
- 12.5 A Public Body shall only be admitted as an "A" Member if they agree to ensure that at least 50% of the total procurement for that body of dwellings to support the discharge of that body's statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area) is to be procured by the Company.
- 12.6 A Public Body admitted to Membership who does not agree as per article 12.5 but will receive services from the Company will be admitted as a "B" Member.
- 12.7 The rights powers and obligations of each Member under these Articles shall take effect on the admission of that organisation to Membership.
- 12.8 Each Member shall nominate a person to act as its representative in the manner provided in Section 323 of the Act. Such representative shall have the right on behalf of the Member to attend meetings of the Company and vote thereat and to exercise all rights of Membership on behalf of the Member. The relevant Member may by written notice to the Company revoke the nomination of such representative and may nominate another representative in his place.
- 12.9 The rights of each Member shall be personal and shall not be transferable and shall be exercisable only by the Member or its Voting Representative.
- 12.10 Membership shall not be transferrable.
- 12.11 An "A" Member shall cease to be a Member of the Company if (i) it serves no less than six months' written notice to do so or (ii) is removed or expelled for any reason by ordinary resolution of the Members passed at a General Meeting or under any agreement entered

into between the Members from time to time and (iii) if at any time the Member ceases to be a Public Body or (iv) otherwise in connection with these Articles and the noting of the cessation of Membership in the Company's register of Members shall be conclusive in this regard

- 12.12 A "B" Member shall cease to be a Member of the Company if (i) it serves no less than six months' written notice to do so or (ii) is removed or expelled for any reason by ordinary resolution of the Members passed at a General Meeting or under any agreement entered into between the Members from time to time and (iii) if at any time the Member ceases to be a Public Body or (iv) otherwise in connection with these Articles and the noting of the cessation of Membership in the Company's register of Members shall be conclusive in this regard.
- 12.13 At the end of each financial year, the "A" Members shall each confirm to the Company (in a form that shall be agreed by the "A" Members from time to time) the percentage of its total procurement for that "A" Member of dwellings to support the discharge of its statutory responsibilities for homeless households or those at risk of homelessness (excluding nightly paid properties or properties outside of the London area) that was undertaken via the Company that financial year. In the event that this percentage is less than 50% the "A" Members have, at their discretion, the ability to terminate the "A" Member's Membership in accordance with article 12.14.
- 12.14 The decision to terminate an "A" Member's Membership in accordance with article 12.13 shall be taken at a meeting of the "A" Members (i) called on no less than 7 clear days' notice; (ii) attended in person or by proxy by at least 50% of the "A" Members (excluding the "A" Member whose Membership is being considered for termination); and (iii) made by no less than 50% of the total "A" Members excluding the "A" Member whose membership is being considered for termination.
- 12.15 In the event that an "A" Member's Membership is terminated pursuant to article 12.14 the Membership shall terminate immediately upon the decision having been taken.
- 12.16 In the event that an "A" Member's Membership is terminated in accordance with article 12.12 that Member may be re-admitted to the Membership of the Company as a "B" Member, subject to compliance with article 12.3 and 12.6.

### 13 **General meetings and resolutions**

- 13.1 The Company shall once in every calendar year hold a general meeting which for the purposes of these Articles shall be called the annual general meeting. The Directors may call general meetings and on the requisition of any two or more "A" Members shall forthwith proceed to convene a general meeting as required pursuant to the provisions of Section 304 of the Act.
- 13.2 Any general meeting not called on the requisition of a Member pursuant to Article 13 shall be called by at least twenty-one Clear Days' notice or by shorter notice if it is so agreed by not less than 75% of the "A" Members. The notice shall specify the time and place of the meeting, the general nature of the business to be transacted and if it is anticipated that Members participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting. The notice shall be given to all Members and to the Directors and to the Company's auditors.

- 13.3 The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 13.4 A Director shall be entitled to attend and speak at any general meeting.
- 13.5 The Chair of the meeting may permit other persons who are not Members of the Company to attend and speak at a general meeting.
- 13.6 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 13.7 A person is able to exercise the right to vote at a general meeting when:
- 13.7.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- 13.7.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all other persons attending the meeting.
- 13.8 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 13.9 In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.
- 13.10 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 13.11 No business shall be transacted at any general meeting unless a quorum is present. 50% of all Members present by their Voting Representative or by proxy including no less than two "A" Members shall be a quorum.
- 13.12 If a quorum is not present within half an hour from the time appointed for a general meeting it shall stand adjourned to the same day in the next week at the same time and place or to such later day and time and/or other place as the "A" Members present decide.
- 13.13 If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall constitute a quorum.
- 13.14 An entry in the minutes of any general meeting stating that a resolution has been passed or not passed shall be conclusive evidence of the fact.
- 14 **Chair at General Meetings**
- 14.1 The Chair or in his absence some other Director who is present and nominated by the Members shall Chair the meeting. If neither the Chair or such Director is present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the Members present shall elect another Director who is present to be the Chair and, if there is only one Director present and willing to act, he shall be the Chair. If no Director is present

within fifteen minutes after the time appointed for holding the meeting or is willing to act as Chair the Members present shall elect one of their number to be the Chair.

## 15 **Adjournments**

- 15.1 The Chair may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the original meeting. It shall not be necessary to give notice of the adjourned meeting unless it is adjourned for fourteen days or more when at least seven Clear Days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted.
- 15.2 The Chair may also, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or is quorate) either to a time and place to be determined pursuant to Article 15.3 or to such other time and place as he may decide if the unruly conduct of persons attending the meeting is preventing the orderly holding or continuance of the meeting.
- 15.3 When a meeting is adjourned pursuant to Article 15.2 without a decision to a new time and place, the time and place for the adjourned meeting shall be fixed by the Board. It shall not be necessary to give any notice of the adjourned meeting unless it is adjourned for fourteen days or more when at least seven Clear Days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted.

## 16 **Votes of Members**

- 16.1 A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is demanded either before the meeting or on the declaration of the result of the show of hands. Subject to the provisions of the Act, a poll may be demanded:-
- 16.1.1 by the Chair; or
  - 16.1.2 by any Member having the right to vote at the meeting;
  - 16.1.3 and a demand by a person as proxy for a Member shall be the same as a demand by a Member.
- 16.2 On a show of hands every Member present by its Voting Representative shall have one vote. On a poll every Member present by its Voting Representative or by proxy shall have one vote.
- 16.3 In the case of an equality of votes, whether on a show of hands or on a poll, the Chair shall not have a casting vote.
- 16.4 Unless a poll is demanded, a declaration by the Chair that a resolution has been passed or not passed unanimously, or by a particular majority, or passed, or not passed by a particular majority shall be final and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

- 16.5 A demand for a poll may be withdrawn before the poll is taken but only with the consent of the Chair. A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 16.6 A poll shall be taken immediately. The results of the poll shall be the resolution of the meeting at which the poll was demanded.
- 16.7 No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chair whose decision shall be final.

**17 Written Resolutions**

A written resolution may be passed in accordance with the Act.

**18 Reserved Matters**

Notwithstanding the provisions of Articles 16 to 17 inclusive, all resolutions that relate to a matter described in the Members' Agreement as a reserved matter or equivalent shall be passed by no less than 75% of the "A" Members. "B" Members shall not have a right to vote in a resolution that relates to a matter described in the Members' Agreement as a reserved matter or equivalent.

**19 Appointment of Proxies**

- 19.1 An appointment of a proxy shall be in writing, signed by or on behalf of the appointor and shall be in the following form (or in any other form which the Board may approve):-

[Name of the Company]

I/We,

being a ["A"] ["B"] Member/Members of the above-named Company, hereby appoint

of

or, failing him,

of \_\_\_\_\_, as my/our proxy to vote in my/our name(s) and on my/our behalf at the annual/extraordinary general meeting of the Company to be

held on \_\_\_\_\_, and at any adjournment thereof.

Signed .....

Date .....

- 19.2 Where it is desired to afford Members an opportunity of instructing the proxy how he shall act the document appointing a proxy shall be in the following form (or any other form which the Board may approve):

[Name of the Company]

I/We

being a ["A"] ["B"] Member/Members of the above-named Company, hereby appoint

of

or, failing him,

of \_\_\_\_\_, as my/our proxy to vote in  
my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company

to be held on \_\_\_\_\_, and at any adjournment  
thereof.

This form is to be used in respect of the resolutions mentioned below as follows:-

Resolution Number 1 \*for \*against Resolution Number 2 \*for \*against

\*strike out whichever is not desired

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed .....

Date .....

19.3 The document appointing a proxy and any authority under which it is signed or a copy of such authority certified notarially or in some other way approved by the Board shall be deposited at the Company's registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. An instrument of proxy which is not deposited or delivered in this manner shall be invalid.

19.4 A vote given or poll demanded by proxy or by the Voting Representative of a Member shall be valid unless termination of the proxy or representative's authority is received by the Company at its registered office or the place at which the meeting is due to be held before the meeting begins.

## 20 **Amendments to resolutions**

20.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if –

20.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chair of the meeting may determine), and

20.1.2 the proposed amendment in the reasonable opinion of the Chair of the meeting:

(a) does not, materially alter the scope of the resolution



- (b) is no more onerous on the company and
- (c) does not have the effect of negating the substantive resolution.

20.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution if –

- 20.2.1 the Chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- 20.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

20.3 If the Chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chair's error does not invalidate the vote on that resolution.

## 21 **Directors**

### 21.1 **Methods of appointing Directors**

- 21.1.1 The number of Directors at any time shall be no less than three and no more than twelve.
- 21.1.2 Subject to Article 21.1.6 each "A" Member shall be entitled to appoint one Director each (the "**A" Directors**").
- 21.1.3 Subject to Article 21.1.6 each "B" Member shall not be entitled to appoint a Director but may nominate to the "A" Members for consideration in accordance with article 21.1.3.
- 21.1.4 The "A" Members shall be entitled to jointly appoint one or more Directors who may be nominated by a "B" Member (the "**B" Directors**") in accordance with a policy set by the A Members from time to time. Any appointment under this Article shall be made by giving notice signed by all of the "A" Members in question to the Company.
- 21.1.5 The "A" Members shall be entitled to jointly appoint one or more Directors who may be independent of all Members (the "**C" Directors**") in accordance with a policy set by the A Members from time to time. Any appointment under this Article shall be made by giving notice signed by all of the "A" Members in question to the Company.
- 21.1.6 If at any time the number of Members exceeds twelve the Members together will by Ordinary Resolution agree (and send notice of the same to the Company) who will be the Directors so that there shall be no more than twelve Directors including any C Directors appointed under Article 21.2.5. The method for agreeing the Directors in these circumstances shall be in accordance with such Director's appointment policy as may be agreed by Members from time to time.

### 21.2 **Disqualification of and cessation of office for Directors**



21.2.1 A person shall be ineligible for appointment to the Board and if already appointed shall immediately cease to be a Director if the relevant individual:

- (a) ceases to be a Director by virtue of any provision of the Act or becomes prohibited by law from being a company director; or
- (b) is or becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) a registered medical practitioner who is treating the Director gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- (d) resigns his office by written notice to the Company; or
- (e) is removed from office by the Member that appointed him by giving notice signed by the relevant Member to Company; or
- (f) Other than a Director appointed in accordance with Article 21.1.1 above, is removed from office by a resolution of or written notice signed by not less than three quarters of all the other Members from time to time; or
- (g) Other than a Director appointed in accordance with Article 21.1.1 above, has been absent without permission of the Board from three consecutive meetings of the Board (including meetings of any Committee of which that Director is a member) and the Board resolves that his office be vacated; or
- (h) is an "A" Director and the "A" Member ceases to be an "A" Member of the Company;
- (i) is "B" Director and the "B" Member ceases to be a "B" Member of the Company
- (j) an "A" Member that appointed any Director notifies the Company that the individual is to be removed as a Director;
- (k) is an employee of the Company or of a Member of the Company, or of a Subsidiary or associate of the Company or of a Member, and at any time ceases to be so employed;
- (l) is not included in the list notified pursuant to Article 21.1.6.

21.2.2 It is agreed that in the case of a Director appointed in accordance with Article 21.1.1 above, the Members shall in respect of the circumstances set out in Article 21.2.1(f) and the Board in respect of Article 21.2.1(g) be entitled to notify the Member which appointed the Director in question of the reasons and/or circumstance which they consider sufficient for that Director to be removed from office.

### 21.3 Powers of the Board

21.3.1 Subject to:

- (a) the provisions of the Act;
- (b) any resolution from time to time of the Members in accordance with these Articles; and
- (c) these Articles;

the business of the Company shall be managed by the Board who may exercise all the powers of the Company. No alteration of these Articles and no resolution of the Members shall invalidate any prior act of the Board which would have been valid if that alteration or resolution had not been made. The powers given by this Article 21.3.1 shall not be limited by any special power given to the Board by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

21.4 **Delegation of Directors' powers**

21.4.1 The Board may delegate in writing any of its powers to any Committee consisting of two or more Directors together with such other persons as the Board sees fit.

21.4.2 The Board may delegate in writing to a Director or to any officer such of their powers as they consider desirable to be exercised by such person. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of its own powers and may be revoked or altered. Subject to any such conditions the proceedings of any Committee shall be governed by the provision of these Articles insofar as they apply to proceedings of the Board.

21.5 **Alternate Directors**

No Director shall be entitled to appoint any person as an alternate Director.

21.6 **Directors' expenses**

21.6.1 Directors may be paid all expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board or general meetings of the Company or otherwise in connection with the discharge of their duties and such other sums as may be determined by the Members of the Company.

21.6.2 Where any Director is an elected member of a local authority that is a Member then such a Director may only be paid such fees and/or expenses as are permitted by the Local Authorities (Companies) Order 1995.

21.6.3 Where any Director is an officer of a local authority that is a Member then they may only claim expenses from their local authority and not from the Company and shall not be entitled to any fee from the Company.

21.7 **Directors' appointments and interests**

A Director may not have any financial interest personally or as a Member of a firm or as a director or senior employee (being an employee with managerial status) or in any contract or other transaction of the Company unless it is permitted by these Articles.

## 21.8 **Proceedings of Directors**

- 21.8.1 Subject to these Articles the Board may regulate their proceedings as they think fit.
- 21.8.2 Subject to the articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:
- (a) The meeting has been called and takes place in accordance with the articles, and
  - (b) They can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 21.8.3 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 21.8.4 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 21.8.5 The Board shall hold at least four meetings a year. Meetings called under this Article shall be convened on not less than fourteen Clear Days' notice.
- 21.8.6 Any Directors may, by notice in writing given to the Company, requisition a meeting of the Board. In such circumstances it shall be the duty of the Company to convene such a meeting as soon as is reasonably practicable.
- 21.8.7 The quorum for the transaction of business of the directors shall no less than 50% of the total number of Directors and shall include no less than two Directors appointed by an "A" Member.
- 21.8.8 If the total number of Directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- (a) to appoint such number of further directors as are required to make up the quorum required; or
  - (b) to call a general meeting so as to enable the members to appoint further directors. If a quorum is not present within half an hour from the time appointed for a Board meeting the Board meeting shall if requested by a majority of those Directors present be adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors present may determine.
- 21.8.9 If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the adjourned meeting then the adjourned meetings shall if requested by a majority of those Directors present be adjourned to the same

day in the next week at the same time and place or to such other day and at such other time and place as the Directors present may determine.

- 21.8.10 If at the meeting adjourned pursuant to Article 21.8.9 a quorum is not present within half an hour from the time appointed for the adjourned meeting then notwithstanding Article 21.8.6 at least two "A" Directors present shall constitute a quorum.
- 21.8.11 Save as expressly provided in these Articles questions arising at a Board meeting shall be decided by a majority of votes and each Director present in person shall be entitled to one vote. In the case of an equality of votes at any Board meeting the Chair shall not have a second or casting vote.
- 21.8.12 The Board may invite such person as it deems appropriate to attend and (if appropriate) speak at Board meetings. Any such invitation may be made on such terms as the Board may determine and may be revoked at any time. Provided that such attendees shall not be Directors and may not vote on any matter discussed by the Board.

## 21.9 **Conflicts of interest**

- 21.9.1 Any Director having an interest in any arrangement between the Company and another person or body shall before the matter is discussed by the Board or any Committee of which they are a Member disclose that interest to the meeting
- 21.9.2 Unless the interest is of the type specified in Articles 21.9.3 or 21.9.4 the Director concerned shall not remain present during the discussion of that item unless requested to do so by the remaining Members of the Board or Committee of the Board. Unless permitted by Articles 21.9.3 or 21.9.4 the Director concerned may not vote on the matter in question but no decision of the Board or any Committee of the Board shall be invalidated by the subsequent discovery of an interest which should have been declared.
- 21.9.3 A Director may remain present during the discussion and may vote on the matter under discussion where the interest arises only by virtue of the fact that:
  - (a) the Director is a director or other officer of a company or body which is a Subsidiary undertaking of the Company as such term is defined in Section 1162 of the 2006 Act; or
  - (b) the Director is a director or other officer of a company or body which is a Member of the Company.
- 21.9.4 A Director shall not be treated as having an interest:
  - (a) of which the Director has no knowledge and of which it is unreasonable to expect him to have knowledge;
  - (b) in the establishment of a policy in respect of Director expenses or in any resolution relating to the remuneration of Directors.

- 21.9.5 For the purposes of section 175 of the Act, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the Act. Any reference in these Articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 21.9.6 Authorisation of a matter under Article 21.9.5 shall be effective only if:
- (a) the matter in question shall have been proposed in writing for consideration by the Directors, or in such other manner as the Directors may determine;
  - (b) any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Directors (together the Interested Directors); and
  - (c) the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 21.9.7 Unless otherwise determined by the Directors (excluding the Interested Directors), any authorisation of a matter under Article 21.9.5 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.
- 21.9.8 Any authorisation of a matter under Article 21.9.5 shall be on such terms and/or conditions as the Directors (excluding the Interested Directors) may determine, whether at the time such authorisation is given or subsequently and may be varied or terminated by the Directors (excluding the Interested Directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the Interested Directors from all information and discussion of the matter in question. A Director shall comply with any obligations imposed on him by the Directors (excluding the Interested Directors) pursuant to any such authorisation.
- 21.9.9 If a Director receives or has received any information otherwise than by virtue of his position as a Director and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to:
- (a) disclose any such information to the Company, the Directors or any other Director or employee of the Company; or
  - (b) use or apply any such information in connection with the performance of his duties as a Director;
  - (c) provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the Director of the duty to avoid conflicts of interest set out in section 175 of the Act, this Article shall apply only if

such situation or relationship has been authorised by the Directors under Article 21.9.5.

- 21.9.10 A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under Article 21.9.5 and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.
- 21.9.11 All acts done by the Board or by a Committee of the Board or by a person acting as a Director shall notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any Director was disqualified from holding office or had vacated office or was not entitled to vote be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 21.9.12 If a question arises at a meeting of the Board as to the right of a Director to vote the question may before the conclusion of the meeting be referred to the Chair or in his absence the Chair of the meeting and his ruling shall be final and conclusive.

#### 21.10 **Appointment of Chair of the Board**

- 21.10.1 As soon as practicable after incorporation, and thereafter immediately prior to the conclusion of each annual general meeting the "A" Members shall by ordinary resolution appoint one of the Board to be the Chair of the Board (who shall not be a "B" Director) to hold office until he is either reappointed or until another Chair of the Board is appointed or removed by ordinary resolution of the "A" Members.
- 21.10.2 The Director so appointed as Chair shall preside at every meeting of the Board at which he is present. If there is no Director holding that office or if the Director holding it is not present within five minutes after the time appointed for the meeting the Directors present may appoint one of their number to be Chair of the meeting.
- 21.10.3 The Board may appoint a vice or deputy Chair to act in the absence of the Chair on such terms as the Board shall think fit.

#### 21.11 **Written resolutions of the Board**

- 21.11.1 A decision of the Directors is taken in accordance with this Article when all eligible Directors indicate to each other by any means that they share a common view on a matter.
- 21.11.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible Director or to which each eligible Director has otherwise indicated agreement in writing.
- 21.11.3 References in this Article to eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

21.11.4 A decision may not be taken in accordance with this Article if the eligible Directors would not have formed a quorum at such a meeting.

**21.12 Records of decisions to be kept**

The Directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors and of all proceedings at meetings of the Company

**22 Means of communication to be used**

22.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.

22.2 Subject to the articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.

22.3 A Director may agree with the company that notices or documents sent to that Director in a particular way are deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

**23 Notices**

23.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing.

23.2 The Company may give any notice to the Members either personally, or by sending it by post in a prepaid envelope addressed to the Members at their registered address, or by leaving it at that address, or by suitable electronic means in accordance with the provisions of the Act.

23.3 The Members present by their Voting Representative at any meeting of the Company shall be deemed to have received notice of the meeting and where requisite of the purposes for which it was called.

23.4 Proof that an envelope containing a notice was properly addressed prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted, or 24 hours after being sent by electronic means or delivered by hand to the relevant address, or on being handed to a Member's Voting Representative or Director personally, or as soon as the Member or Director acknowledges actual receipt.

**24 Indemnity**

24.1 Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under

Section 1157 of the Act in which relief is granted to him and no Director or other officer shall be liable for any loss damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto provided that this Article 24.1 shall only have effect in so far as its provisions are not avoided by Section 232 of the Act.

- 24.2 The Board shall have power to purchase and maintain for any Director or officer of the Company insurance against any such liability as is referred to in Section 232 of the Act.



# Leaders' Committee

## London Councils Grants Scheme - Budget Proposals 2019/20

Item no: 9

**Report by:** Frank Smith      **Job title:** Director of Corporate Resources  
**Date:** 4 December 2018  
**Contact Officer:** Frank Smith  
**Telephone:** 020 7934 9700      **Email:** Frank.smith@londoncouncils.gov.uk

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**Summary**      This report considers the proposed budget for the Grants Scheme for 2019/20 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval. These proposals were considered by the Grants Committee at its meeting on 21 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals.

**Recommendations**      The Leaders' Committee is asked to agree:

- an overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20 (inclusive of £241,000 residual gross ESF programme);
- that taking into account the application of £58,000 ESF grant and £183,000 from accumulated reserves, borough contributions for 2019/20 should be £6.668 million;
- that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2019 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £8.668 million);
- that constituent councils be advised that the apportionment of contributions for 2019/20 will be based on the ONS mid-year population estimates for June 2017
- that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £574,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £139,000 required to wind down the current programme; and

- that a decision on options over the level of Grants Committee reserves going forward should be deferred until the meeting of the Grants Executive Committee in February 2019, with proposals being considered by the main Grants Committee meeting in March 2019. By this time, the end of project position in respect of the S.48 ESF programme will be clearer. The outcome will be brought back to a later meeting of this Committee for approval.
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# London Councils Grants Scheme - Budget Proposals 2019/20

## Introduction

1. This report details the indicative overall budget requirement for the London Boroughs Grants Scheme for 2019/20 of £6.909 million, a reduction of £1.758 million on the total programme of £8.668 million for 2018/19, comprising:
  - The cost of borough pan-London commissioned services of £6.668 million, covering priorities 1 and 2 plus the cost of administering the scheme, equating to £435,000 or 6.5% (4% excluding central recharges of £167,000) of the proposed programme. This sum includes of the membership subscriptions for boroughs for London Funders of £60,000; and
  - The residual gross cost of the ESF programme of £241,000, including £139,000 administration costs, offset by ESF grant of £58,000, leaving a net cost of £183,000 to be funded from accumulated reserves.
2. The proposed total expenditure budget of £6.909 million will be funded, therefore, by borough contributions of £6.668 million, ESF grant income of £58,000 and a transfer from accumulated S.48 ESF reserves of £183,000.
3. These proposals were considered by the Grants Committee at its meeting on 21 November. The Grants Committee agreed to recommend that the Leaders' Committee approve these proposals. The Leaders' Committee will need to reach a view on both the appropriate overall level of expenditure and to recommend the budget to constituent Councils.
4. The financial year 2019/20 represents the third year of the four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016.

## **Approval of Expenditure**

5. The statutory basis of the Grants Scheme is Section 48, Local Government Act 1985. Constituent councils agreed to some changes to the operation of the Scheme as part of the establishment of the new ALG on 1 April 2000: these changes mean that the budget for the London Councils Grants Scheme must be approved by the London Councils Leaders' Committee. This will need to happen before any budget that is recommended to constituent councils by the Grants Committee can be formally referred to them as a basis for consideration in their respective councils.
6. The budget proposals contained in this report were considered by the Grants Committee at its meeting on 21 November and the recommendations of the Grants Committee are reflected in this report. If Leaders do not accept the recommendations of the Grants Committee, and instead agree to recommend a different budget figure to Boroughs, the Grants Committee will need to meet urgently to consider the implications for the Grants programme.
7. Section 48(3) of the Local Government Act 1985 requires that at least two-thirds of the constituent councils in Greater London must approve the proposed overall level of expenditure on grants to voluntary organisations and other costs incurred in "the making of grants". This is not a decision that can be delegated to the Grants Committee although that Committee is able to make decisions with regard to allocation of that expenditure once overall expenditure has been approved. This means that when the Grants Committee decides on an overall level of expenditure, subject to the agreement of the Leaders' Committee, it will recommend it to the London Boroughs and the Cities of London and Westminster and at least 22 of them must agree through their respective decision-making arrangements to ratify and give effect to that overall level of expenditure. Once 22 councils have given their approval, the overall level of expenditure and contributions to it are binding on all constituent councils.

## Timing of Decisions

8. The Committee needs to make its recommendation in good time so that constituent councils are able to consider the budget proposal within their own decision-making arrangements and make a response within the timescales laid down for the Scheme. The Scheme approved by the boroughs provides that constituent councils shall be asked to agree to the Committee's recommended level of overall expenditure not later than the third Friday in January, in this case 18 January 2019. All constituent councils will have received copies of this report and will be informed of the Committee's recommendation as to overall expenditure for next year, once the decision has been taken.
9. The City of London Corporation has been the Designated Council for the Scheme since 1 February 2004. Bearing in mind the issues raised above, it is essential for the Committee make a recommendation today, to provide sufficient time for constituent councils to consider the matter before the 1 February deadline, and enable the City of London Corporation to approve the levy on constituent councils by the deadline of 15 February 2019.
10. In the event that constituent councils are unable to reach agreement by the two-thirds majority required on an overall level of expenditure before 1 February 2019 the Secretary of State for Housing, Communities and Local Government has powers to intervene and set the budget at the same level as the preceding year. Section 105 of the Local Government Finance Act 1992 inserted a new sub-section (4A) into section 48 of the Local Government Act 1985 which states that:

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

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

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

## **Contributions by constituent councils**

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

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

13. The Designated Council is defined as a levying body further to Sections 74 and 117 of the Local Government Finance Act 1988, which means that the levy will have to be approved formally at a meeting of the Court of Common Council of the Designated Council before the payment requests are sent to constituent councils. The Court of Common Council will consider this matter before the deadline of 15 February 2019. The Levying Bodies (General) Regulations 1992 then require the approved levy to be sent out to constituent councils by 15 February in any year. The term levy refers both to the total contributions from constituent councils and to the apportionment of that total between them.

### Summary Timetable

14. To summarise, the timetable for the approval of the budget for 2019/20 is expected to be as follows:

Date	Action
21 November 2018	Grants Committee considered proposed budget and borough contributions for 2019/20 detailed in this report and made recommendations to Constituent Councils, subject to approval of Leaders' Committee.
4 December 2018	This Committee is asked to approve the level of budget and borough contributions for 2019/20, as recommended by the Grants Committee on 21 November
5-7 December 2018	Constituent Councils formally notified of the approved level of budget and borough contributions for 2019/20
10 December 2018 – 31 January 2019	Constituent Councils to individually ratify the overall level of expenditure for 2019/20 through their respective decision-making arrangements
1-15 February 2019	The City of London Corporation, as the Designated Councils for the Grants Scheme, approves the levy for 2019/20 on Constituent Councils
15 February 2019	Constituent Councils informed of level of approved expenditure and borough contributions for 2019/20

### Budget Proposal for 2019/20

15. Appendix A to this report sets out detailed information relating to the proposed budget for 2019/20. The budget assumes:

- A core, pan-London scheme of services to meet agreed service priorities 1 and 2 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 liabilities arising from the current ESF joint funded programme;
- An indicative gross commissioning budget of £6.335 million, a reduction of £1.778 million on the equivalent figure for the current year; and
- In addition to the indicative gross grant payments budget of £6.335 million, the proposal includes a provision for grants administration of £574,000. This comprises of 6.5% (4% excluding central recharges) of the boroughs grants budget of £6.668 million, amounting to £435,000, plus a sum of £139,000 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.

## **Administration of Commissions**

16. The staffing costs figures within the proposed 2019/20 budget options reflects direct staffing costs delivery the S.48 Priority 1 and 2 programme plus the S.48 ESF programme, together with the apportionment of time spent on Grants Committee activities by other London Councils staff, such as Grants Committee servicing and Public Affairs. The staffing budget also includes a £10,000 provision for maternity cover and the vacancy level of 2%.
17. In addition, an apportionment of time spent by Corporate Resources, Corporate Governance other than Committee Servicing, the Chief Executive's office, and London Councils Political Advisors are included in the central recharges figure for supporting the Committee's functions, as well as a notional rental figure for office space occupied at Southwark Street.



18. All estimates of administration expenditure levels have previously been based upon a threshold of 5% of the budget for payments to commissions in respect of the borough funded S.48 scheme, as agreed by Grants Committee in the review of non-grants expenditure levels conducted in early 2009. However, with recent cost pressures, it continues to be challenging to contain all administrative costs within the 5% envelope, especially after the introduction of the new monitoring arrangements in April 2013 and the increase in central costs following the review of the recharge model during 2013/14 following an objection to London Councils accounts. Administrative expenditure for the S.48 commissions, therefore now equate to 6.5% (or 4% excluding central recharges) of the boroughs S.48 budget of £6.668 million, amounting to £435,000 in total for 2019/20.
19. For the ESF programme, the estimated level of administrative costs required in 2019/20 to close the programme down is £139,000. Total administration costs for 2019/20 are, therefore, estimated to be £574,000, a £19,000 increase on the equivalent figure for 2018/19.

## **ESF Grant Income**

20. The proposed budget includes gross expenditure of £241,000 on activities commissioned under London Councils approved priorities, including administration costs of £139,000, which attracts grant income on eligible expenditure of £58,000, thus reducing the net cost of this activity to £183,000. For 2019/20, the matched funding element will again not be provided through further borough contributions; instead it will be transferred from accumulated S.48 ESF reserves built up from borough contributions collected during the period 2015/16 - 2017/18 but which were not applied in these years due to slippage in the programme. Both the gross expenditure, the ESF income it attracts and the proposed transfer from reserves are reflected in Appendix A.

## **Use of Reserves**

21. Table 1 below updates the Committee on the revised estimated level of balances as at 31 March 2019, if all current known liabilities and commitments are considered, plus the projected underspend of £110,000 for 2018/19, highlighted in paragraph 22 above:

**Table 1 – Estimated Uncommitted Reserves as at 31 March 2019**

	<b>Borough</b>	<b>ESF</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Audited reserves as at 1 April 2018	523	1,920	2,443
Approved for use in 2018/19	-	(1,661)	(1,661)
Projected surplus/(deficit) for the year	110	-	110
<b>Projected reserves as at 31 March 2019</b>	<b>633</b>	<b>259</b>	<b>892</b>

22. At its meeting in September 2013, the Grants Executive agreed that it would be appropriate to retain a minimum level of reserves equating to 3.75% of the S.48 borough programme. Based on a proposed borough programme of £6.668 million, this equates to £250,000 for 2019/20. If the recommendations contained in this report are agreed by this Committee and approved by the Leaders' Committee on 4 December, the revised projected position on reserves is detailed in Table 2 below:

**Table 2 – Estimated Uncommitted Reserves as at 1 April 2019**

	<b>Borough</b>	<b>ESF</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Projected reserves as at 31 March 2019</b>	<b>633</b>	<b>259</b>	<b>892</b>
ESF commitments 2019/20	-	(183)	(183)
<b>Projected reserves as at 1 April 2019</b>	<b>633</b>	<b>76</b>	<b>709</b>
<b>Indicative total expenditure 2019/20</b>	<b>6,668</b>	<b>241</b>	<b>6,909</b>
<b>Forecast reserves as a % of indicative expenditure</b>	<b>9.49</b>	<b>31.5</b>	<b>10.26</b>

23. The projected residual level of S.48 reserves of £633,000, or 9.49%, of the £6.668 million S.48 programme, therefore, is in excess of the 3.75% benchmark. In addition, residual S.48 ESF reserves of £76,000 are projected following the recommended transfer of £183,000 to revenue to fund the residual level of commitments up until the project end date of 30 June 2019.

24. At the meeting of the Grants Committee on 21 November 2018, it was agreed that a decision on options over the level of reserves going forward should be deferred until the next meeting of the Grants Executive Committee in February 2019, with proposals being considered by the main Grants Committee meeting in March 2019. By this time, the end of project position in respect of the S.48 ESF programme will be clearer. The outcome will be brought back to a later meeting of this Committee for approval.

25. The Grants Executive also noted that outcomes arising from the London Councils Challenge are expected to be finalised during the final quarter of the current financial year. The London Councils Executive will then be considering the financial implications of any recommendations, which may lead to a potential call on reserves held by each of London Councils three funding streams. The Grants Committee will be fully consulted during this process and asked to consider any proposed use of Committee reserves

## **Borough Contributions**

26. Paragraphs 11 to 13 of this report set out the legal position relating to contributions payable by constituent councils to the London Councils Grants Scheme. Contributions for 2019/20 have been calculated using the ONS mid-year population estimates for June 2017 and are set out in Appendix B.

## **Summary**

27. This report considers the proposed budget for the Grants Scheme for 2019/20 and makes a recommendation to the Committee on the appropriate level to recommend to constituent councils for approval, following recommendation made by the Grants Committee at its meeting on 21 November. Specifically, the report proposes to continue with an overall level of expenditure in 2019/20 of £6.909 million, which requires borough contributions of £6.668 million (refer to Appendix B), the same level of contribution as for the current year.

28. The financial year 2019/20 represents to third year of the four-year programme of commissions provided by the Grants Committee under S.48 of the Local Government Act 1985, as recommended by the Grants Committee and approved by the Leaders' Committee in March 2016.

## **Recommendations**

29. The Leaders' Committee is asked to agree:

- an overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20, inclusive of £241,000 residual gross ESF programme;

- that taking into account the application of £58,000 ESF grant and a £183,000 contribution from accumulated reserves, borough contributions for 2019/20 should be £6.668 million;
- that further to the recommendations above, constituent councils be informed of the Committee's recommendation and be reminded that further to the Order issued by the Secretary of State for the Environment under Section 48 (4A) of the Local Government Act 1985, if the constituent councils have not reached agreement by the two-thirds majority specified before 1 February 2019 they shall be deemed to have approved expenditure of an amount equal to the amount approved for the preceding financial year (i.e. £8.668 million);
- that constituent councils be advised that the apportionment of contributions for 2019/20 will be based on the ONS mid-year population estimates for June 2017;
- that subject to the approval of an overall level of expenditure, the Committee agrees to set aside a provision of £574,000 for costs incurred by London Councils in providing staff and other support services to ensure delivery of the Committee's "making of grants" responsibilities, including ESF administration of £139,000; and
- that a decision on options over the level of Grants Committee reserves going forward should be deferred until the meeting of the Grants Executive Committee in February 2019, with proposals being considered by the main Grants Committee meeting in March 2019. By this time, the end of project position in respect of the S.48 ESF programme will be clearer. The outcome will be brought back to a later meeting of this Committee for approval.

## **Appendices**

Appendix A – Proposed revenue income and expenditure budget 2019/20;

Appendix B – Proposed borough subscriptions 2019/20;

## **Background Papers**

Grants Committee Budget Working Papers 2018/19 and 2019/20;

Grants Committee Final Accounts Working Papers 2017/18;

Grants Committee Revenue Budget Forecast Working Papers 2018/19; and

London Councils Consolidated Budget Working Papers 2018/19 and 2019/20.

**Grants Committee Income and Expenditure Budget 2019/20**

<b>Expenditure</b>	<b>Revised Budget 2018/19 £000</b>	<b>Developments £000</b>	<b>Inflation £000</b>	<b>Original Budget 2019/20 £000</b>
<b>Payments in respect of Grants</b>				
London Councils Grants Programme	6,173	0	0	6,173
Membership Fees to London Funders (for all boroughs)	60	0	0	60
European Social Fund Co-Financing	1,880	-1,778	0	102
<b>Sub-Total</b>	<b>8,113</b>	<b>-1,778</b>	<b>0</b>	<b>6,335</b>
<b>Operating (Non-Grants) Expenditure</b>				
<b>Contractual Commitments</b>				
Maintenance of GIFTS Grants IT system	10	0	0	10
	<b>10</b>	<b>0</b>	<b>0</b>	<b>10</b>
<b>Salary Commitments</b>				
Officers	353	-61	7	299
Members	19	0	0	19
Maternity provision	10	0	0	10
	<b>382</b>	<b>-61</b>	<b>7</b>	<b>328</b>
<b>Discretionary Expenditure</b>				
Staff training/recruitment advertising	6	1	0	7
Staff travel	2	0	0	2
	<b>8</b>	<b>1</b>	<b>0</b>	<b>9</b>
<b>Total Operating Expenditure</b>	<b>400</b>	<b>-60</b>	<b>7</b>	<b>347</b>
<b>Central Recharges</b>	<b>155</b>	<b>72</b>	<b>0</b>	<b>227</b>
<b>Total Expenditure</b>	<b>8,668</b>	<b>-1,766</b>	<b>7</b>	<b>6,909</b>
<b>Income</b>				
<b>Core borough subscriptions</b>				
Contribution to grant payments	6,173	0	0	6,173
Contribution to non-grants expenditure	495	0	0	495
	<b>6,668</b>	<b>0</b>	<b>0</b>	<b>6,668</b>
<b>Other Income</b>				
ESF Grant Income	1,000	-942	0	58
	<b>1,000</b>	<b>-942</b>	<b>0</b>	<b>58</b>
<b>Transfer from Reserves</b>	<b>1,000</b>	<b>-817</b>	<b>0</b>	<b>183</b>
<b>Central Recharges</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Income</b>	<b>8,668</b>	<b>-1,759</b>	<b>0</b>	<b>6,909</b>
<b>Net Expenditure</b>	<b>0</b>	<b>7</b>	<b>-7</b>	<b>0</b>

# Borough Subscriptions 2019/20

Item 9

Appendix B

ONS Mid-2016 Estimate of Population ('000)	%	2018/19 Base Borough Contribution (£)		ONS Mid-2017 Estimate of Population ('000)	%	2019/20 Base Borough Contribution (£)	Base Difference from 2018/19 (£)
246.18	2.79%	186,799	<b>Inner London</b> Camden City of London Greenwich Hackney Hammersmith and Fulham Islington Kensington and Chelsea Lambeth Lewisham Southwark Tower Hamlets Wandsworth Westminster	253.36	2.87%	191,438	4,639
9.40	0.11%	7,133		7.65	0.09%	5,780	-1,352
279.77	3.17%	212,286		282.85	3.21%	213,721	1,434
273.53	3.10%	207,551		275.93	3.13%	208,492	940
179.65	2.04%	136,316		183.00	2.07%	138,274	1,958
232.87	2.64%	176,699		235.00	2.66%	177,565	866
156.73	1.78%	118,925		155.74	1.76%	117,677	-1,248
327.91	3.72%	248,814		324.05	3.67%	244,851	-3,963
301.87	3.42%	229,056		301.31	3.41%	227,669	-1,387
313.22	3.55%	237,668		314.23	3.56%	237,431	-237
304.85	3.45%	231,317		307.96	3.49%	232,694	1,377
316.10	3.58%	239,853		323.26	3.66%	244,254	4,401
247.61	2.81%	187,884		244.80	2.77%	184,970	-2,914
<b>3,189.69</b>	<b>36.14%</b>	<b>2,420,301</b>		<b>3,209.14</b>	<b>36.36%</b>	<b>2,424,817</b>	<b>4,516</b>
206.46	2.34%	156,660	<b>Outer London</b> Barking and Dagenham Barnet Bexley Brent Bromley Croydon Ealing Enfield Haringey Harrow Havering Hillingdon Hounslow Kingston upon Thames Merton Newham Redbridge Richmond upon Thames Sutton Waltham Forest	210.71	2.39%	159,212	2,552
386.08	4.37%	292,953		387.80	4.39%	293,021	67
244.76	2.77%	185,721		246.12	2.79%	185,968	246
328.25	3.72%	249,072		329.10	3.73%	248,667	-405
326.88	3.70%	248,033		329.39	3.73%	248,886	853
382.30	4.33%	290,085		384.84	4.36%	290,784	699
343.20	3.89%	260,416		342.74	3.88%	258,973	-1,443
331.40	3.76%	251,463		332.71	3.77%	251,395	-68
278.45	3.16%	211,285		271.22	3.07%	204,933	-6,352
248.75	2.82%	188,749		248.88	2.82%	188,053	-696
252.78	2.86%	191,807		256.04	2.90%	193,463	1,656
302.47	3.43%	229,511		302.34	3.43%	228,447	-1,064
271.14	3.07%	205,738		269.10	3.05%	203,331	-2,407
176.11	2.00%	133,630		174.61	1.98%	131,935	-1,695
205.03	2.32%	155,574		206.05	2.33%	155,691	116
340.98	3.86%	258,732		348.00	3.94%	262,948	4,216
299.25	3.39%	227,068		301.79	3.42%	228,032	964
195.85	2.22%	148,609		195.68	2.22%	147,855	-754
202.22	2.29%	153,442		203.24	2.30%	153,568	125
275.84	3.13%	209,304		275.51	3.12%	208,175	-1,130
<b>5,598.20</b>	<b>63.44%</b>	<b>4,247,851</b>		<b>5,615.87</b>	<b>63.64%</b>	<b>4,243,335</b>	<b>-4,516</b>
<b>8,787.89</b>	<b>99.58%</b>	<b>6,668,152</b>	<b>Totals</b>	<b>8,825.01</b>	<b>100.00%</b>	<b>6,668,152</b>	<b>0</b>

6,668,152

6,668,152

# Leaders' Committee

## Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20

Item no: 10

**Report by:** Frank Smith      **Job title:** Director of Corporate Resources  
**Date:** 4 December 2018  
**Contact Officer:** Frank Smith  
**Telephone:** 020 7934 9700      **Email:** frank.smith@londoncouncils.gov.uk

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**Summary**      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 Leaders' Committee on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process. These proposals were considered by the London Councils Executive at its meeting on 13 November and this package was agreed for submission to this Committee for final consideration and approval.

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

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 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 Leaders' Committee is also asked to endorse the following subscription and charges for 2019/20 for TEC, which were considered by the TEC Executive Sub-Committee on 15 November, and which will be 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/£24.49 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);
- The TEC Charge of £0.175 per transaction (2018/19 - £0.175) (paragraphs 32-34); and
- To approve a transfer of £410,000 from the general reserve to the specific reserves to be used for future project work to be determined by TEC.

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

- The provisional consolidated revenue expenditure budget for



2019/20 for London Councils of £382.765 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 £381.401 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 Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, as detailed at paragraphs 53-58; and
  - The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 59-60.
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# 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 new budgetary pressures that have emerged during the course of the current year and which will impact on 2019/20. These are highlighted in detail at paragraph 2.

## Budgetary pressures

2. There are a number of significant new 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 October 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. Clearly, London Councils has made significant savings since 2011/12, as detailed in paragraphs 11-12. If the proposals outlined in this report are agreed, accumulated savings will amount to £55.5 million, with a further £146.4 million worth of savings to boroughs relating to payments to commissions made by the Grants Committee, equating to £6.1 million per borough.
4. Within these proposals, some new 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.
5. 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.

6. Although, historically, the Joint Committee has always generated an in-year surplus on operations. However, a deficit budget cannot be proposed to this 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 additional 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 informed by and in the context of those two pieces of work in twelve months' time.
7. Following consideration of the above issues at the meeting of the London Councils Executive on 13 November, it is recommended 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 59-60.
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 both the work on revising priorities and the London Councils Challenge will inform and help generate options for income and savings that are consistent with that strategic framework.
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 is as follows:

- 13 November – The London Councils Executive considered the proposals as outlined in this report and agreed to recommend the proposals to this Committee for final consideration and approval.
- 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 considered and agreed the indicative grants budget and borough contributions for 2019/20, and recommended that the Leaders' Committee approve these proposals at this meeting in a separate report on this agenda;
- 4 December - Leaders' Committee considers this report on the indicative consolidated budget and borough charges for 2019/20, and a separate report seeking approval of the grants budget and borough contributions for 2019/20. This report includes 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 2019/20.

#### **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 agreed 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 is, therefore, 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**

	<b>2019/20 Indicative £000</b>	<b>2018/19 Actual £000</b>	<b>Variance £000</b>
LC S.48 grants programme	6,233	6,233	-
LC S.48 ESF grants programme	102	1,880	(1,778)
<b>Sub-Total</b>	<b>6,335</b>	<b>8,113</b>	<b>(1,778)</b>
Grants Administration – LC S.48	435	435	-
Grants Administration – LC S.48 ESF	139	120	19
<b>Total expenditure</b>	<b>6,909</b>	<b>8,668</b>	<b>(1,759)</b>
<b>Financed by:</b>			
Borough contributions to grant payment	(6,173)	(6,173)	-
Borough contributions to grants administration	(495)	(495)	
<b>Total borough contributions</b>	<b>(6,668)</b>	<b>(6,668)</b>	<b>-</b>



ESF grant	(58)	(1,000)	942
<b>Total Income</b>	<b>(6,726)</b>	<b>(7,668)</b>	<b>942</b>
<b>Transfer from Reserves</b>	<b>(183)</b>	<b>(1,000)</b>	<b>817</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

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, showing significant reductions when compared to the charges 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 £0.4226 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 £25.08. 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, therefore, recommended that the main TEC Committee approve the unit charges for the parking service it provides, as detailed in Table 3 above, at its meeting on 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**

	<b>Joint Committee</b>	<b>Grants Committee</b>	<b>TEC</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Indicative Expenditure	9,249	6,682	366,343	382,274
Central Recharges	187	227	77	491
<b>Total Expenditure</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>
Indicative Income	(6,218)	(6,726)	(366,233)	(379,177)
Central Recharges	(1,864)	-	-	(1,864)
<b>Sub-total</b>	<b>(8,082)</b>	<b>(6,726)</b>	<b>(366,233)</b>	<b>(381,041)</b>
Use of Reserves	(1,354)	(183)	(187)	(1,724)
<b>Total Income</b>	<b>(9,436)</b>	<b>(6,909)</b>	<b>(366,420)</b>	<b>(382,765)</b>
<b>Indicative Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**

	<b>£000</b>
<b>Expenditure:</b>	
Revised budget 2018/19	8,668
Proposed budget 2019/20	6,909
Budget Movement	(1,759)
<b>Income</b>	
Revised budget 2018/19	(8,668)
Proposed budget 2019/20	(6,909)
Budget Movement	1,759
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments - expenditure:</b>	
Reduction in payments to S.48 ESF commissions	(1,778)
Increase in S.48 ESF administration costs	19
<b>Total</b>	<b>(1,759)</b>

<b>Developments - income:</b>	
Reduction in ESF grant income	942
Reduction in transfers from accumulated S.48 ESF reserves	817
<b>Total</b>	<b>1,759</b>
<b>Net Budget Movement</b>	<b>-</b>

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**

<b>Expenditure:</b>	<b>£000</b>
Revised budget 2018/19	11,705
Proposed budget 2019/20	12,778
Budget Movement	1,073
<b>Income</b>	
Revised budget 2018/19	(11,705)
Proposed budget 2019/20	(12,778)
Budget Movement	(1,073)
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments – expenditure:</b>	
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)
<b>Sub-Total</b>	<b>989</b>
<b>Inflation:</b>	
Salary costs	71
Northgate contract costs	13
Other	-
<b>Budget Movement on expenditure</b>	<b>1,073</b>

<b>Developments – income:</b>	
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
<b>Budget Movement on income</b>	<b>(1,073)</b>
<b>Net Budget Movement</b>	<b>-</b>

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 £320.913 million, representing a provisional reduction of £2.011 million, or 0.62%, 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 £401,000 to £19.953 million to take into account the anticipated settlement for 2019/20, an increase of 2.05% on the figure of £19.552 million for the current year, in line with July 2018 RPI inflation (3.2%) and a reduction of 1.1% on 2018/19 settlement figure to account for services that transferred to TfL Rail West.

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 should be finalised in time for this meeting 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 £343.684 million, compared to £345.494 million payable for 2018/19. This represents a reduction of £1.81 million or 0.51%.

**Table 7 – Comparative cost of Freedom Pass 2019/20 and 2018/19**

<b>Estimated Cost of Freedom Pass</b>	<b>2019/20(£000)</b>	<b>2018/19(£000)</b>
TfL Settlement	320,913	322,924
ATOC Settlement	19,953	19,552
Non TfL Bus Operators Settlement	1,300	1,500
Freedom Pass Issue Costs	1,518	1,518
<b>Total Cost</b>	<b>343.684</b>	<b>345,494</b>

#### **Taxicard**

49. Current indications are that TfL will provide an estimated fixed contribution of £9.36 million for 2019/20, a reduction of £762,000 on the contribution of £10.122 million 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 £11.476 million for 2019/20, a corresponding reduction of £762,000 on 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
<b>Expenditure:</b>	
Revised budget 2018/19	9,169
Proposed budget 2019/20	9,436
<b>Budget Movement</b>	<b>267</b>
<b>Income</b>	
Revised budget 2018/19	(9,169)
Proposed budget 2019/20	(9,436)
<b>Budget Movement</b>	<b>(267)</b>
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments - expenditure:</b>	
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)
<b>Sub-total</b>	<b>162</b>
<b>Inflation</b>	
Salary costs	105
Other	-
<b>Budget Movement on expenditure</b>	<b>267</b>
<b>Developments - income:</b>	
Increase in use of reserves	(347)
Increase in room hire charges	(25)
Reduction in income from tenants	267
Increase in central recharges income	(162)

<b>Total</b>	<b>(267)</b>
<b>Net Budget Movement</b>	<b>-</b>

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 £382.765 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**

	<b>Transport and Environment Committee (£000)</b>	<b>Joint Committee (£000)</b>	<b>Grants Committee (£000)</b>	<b>Total (£000)</b>
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
<b>Provisional reserves at 1 April 2018</b>	<b>6,171</b>	<b>5,307</b>	<b>2,443</b>	<b>13,921</b>
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
<b>Uncommitted reserves</b>	<b>3,379</b>	<b>4,618</b>	<b>892</b>	<b>8,889</b>

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
<b>Totals</b>	<b>3,427</b>	<b>777</b>	<b>2,440</b>	<b>6,644</b>

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	
<b>Projected uncommitted reserves (Table 10)</b>	<b>3,379</b>	<b>-</b>	<b>4,618</b>	<b>633</b>	<b>259</b>	<b>8,889</b>
Proposal included in 2019/20 budget figures	(187)	-	(1,354)	-	(183)	(1,724)
Proposed transfer to Specific Reserves	(410)	410	-	-	-	-
<b>Estimated residual uncommitted reserves</b>	<b>2,782</b>	<b>410</b>	<b>3,264</b>	<b>633</b>	<b>76</b>	<b>7,165</b>

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. At its meeting on 21 November, the Grants Committee agreed that a decision on options over the level of Grants Committee reserves going forward should be deferred until the meeting of the Grants Executive Committee in February 2019, with proposals being considered by the main Grants Committee meeting in March 2019. By this time, the end of project position in respect of the S.48 ESF programme will be clearer. The outcome will be brought back to a later meeting of this Committee for approval.

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. After taking into account the proposed use of general reserves of £187,000 in setting the proposed 2019/20 budget and the transfer of £410,000 from the general reserve to the specific reserve (both subject to agreement of main TEC meeting on 6 December), uncommitted general reserves are forecast reduce to £2.782 million, or 21.8% of proposed operating and trading expenditure of £12.778 million. The main TEC Committee will be considering options for the level of uncommitted reserves in the short-term at its meeting on 6 December, taking into account a number of significant service developments over the next 12 months.

58. 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.

59. 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.

60. 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 general reserves would reduce to £6.679 million. This would represent 28.7% of total operating and trading expenditure in 2019/20 of £23.312 million. The comparable figures reported to this Committee 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**

61. 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 Leaders' Committee 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. These proposals were considered by the London Councils Executive at its meeting on 13 November and this package was agreed for submission to this Committee for final consideration and approval.

## **Summary**

62. 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.

63. The subscription and budget proposals for 2019/20 relating to the Grants Committee, as contained in this report, were considered by the Grants Committee at its meeting on 21 November. The Grants Committee recommended that the Leaders' Committee approve the budget proposals as laid out in this report and which are also subject to a separate report on this agenda.

64. The subscription and budget proposals for 2019/20 relating to the Transport and Environment Committee were 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 Leaders' Committee is, therefore, asked to endorse the provisional TEC figures as laid out in this report.

### **Recommendations**

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

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 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).

66. The Leaders' Committee is also asked to endorse the following subscription and charges for 2019/20 for TEC which were considered by the TEC Executive Sub-Committee on 15 November, and which will be 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/£24.49 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);
- The TEC Charge of £0.175 per transaction (2018/18 - £0.175) (paragraphs 32-34); and
- To approve a transfer of £410,000 from the general reserve to the specific reserves to be used for future project work to be determined by TEC.

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

- The provisional consolidated revenue expenditure budget for 2019/20 for London Councils of £382.765 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 £381.041 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.

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

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, as detailed at paragraphs 53-58; and
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 59-60.

### **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

Item 10 Appendix A

Proposed Consolidated Expenditure Budget  
2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
<b>Payments in respect of Concessionary Fares</b>				
TfL	0	0	320,913	320,913
RDG	0	0	19,953	19,953
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	11,476	11,476
Taxicard Administration	0	0	570	570
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>356,228</b>	<b>356,228</b>
<b>Payments for commissioned services</b>				
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
<b>Sub-Total</b>	<b>0</b>	<b>6,335</b>	<b>0</b>	<b>6,335</b>
<b>TEC Trading Account Expenditure</b>				
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
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>9,105</b>	<b>9,105</b>
<b>Total Direct Services</b>	<b>0</b>	<b>6,335</b>	<b>365,333</b>	<b>371,668</b>
<b>Operating Expenditure</b>				
<b>Contractual Commitments</b>				
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
<b>Sub-Total</b>	<b>2,436</b>	<b>10</b>	<b>94</b>	<b>2,540</b>
<b>Salary Commitments</b>				
Officers	4,361	299	666	5,325
Members	215	19	19	253
Maternity provision	50	10	30	90
<b>Sub-Total</b>	<b>4,626</b>	<b>328</b>	<b>715</b>	<b>5,668</b>
<b>Discretionary Expenditure</b>				
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
<b>Sub-Total</b>	<b>2,187</b>	<b>9</b>	<b>200</b>	<b>2,396</b>
<b>Total Operating Expenditure</b>	<b>9,249</b>	<b>347</b>	<b>1,009</b>	<b>10,605</b>
<b>Central Recharges</b>	<b>187</b>	<b>227</b>	<b>77</b>	<b>491</b>
<b>Total Expenditure</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>

Item 10 Appendix B

Proposed Consolidated Income Budget 2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	320,913	320,913
Borough contributions to ATOC	0	0	19,953	19,953
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	9,360	9,360
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	124	124
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>356,376</b>	<b>356,376</b>
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	58	0	58
<b>Sub-total</b>	<b>0</b>	<b>6,291</b>	<b>0</b>	<b>6,291</b>
<b>TEC trading account income</b>				
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
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>9,689</b>	<b>9,689</b>
<b>Sub-Total</b>	<b>0</b>	<b>6,291</b>	<b>366,065</b>	<b>372,356</b>
<b>Core borough subscriptions</b>				
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
<b>Sub-total</b>	<b>5,152</b>	<b>435</b>	<b>97</b>	<b>5,684</b>
<b>Other Borough charges</b>				
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
<b>Sub-total</b>	<b>777</b>	<b>0</b>	<b>0</b>	<b>777</b>
<b>Other Income</b>				
Investments	75	0	0	75
Room bookings and conferences	150	0	0	150
Deskspace charge to funded groups	244	0	0	244
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
<b>Sub-total</b>	<b>533</b>	<b>0</b>	<b>71</b>	<b>604</b>
<b>Transfer from Reserves</b>	<b>1,354</b>	<b>183</b>	<b>187</b>	<b>1,724</b>
<b>Central Recharges</b>	<b>1,620</b>	<b>0</b>	<b>0</b>	<b>1,620</b>
<b>Total Income Base Budget</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>

# Leaders' Committee

## Minutes and Summaries

Item no: 11

**Report by:** Derek Gadd      **Job title:** Head of Governance  
**Date:** 4 December 2018  
**Contact Officer:** Derek Gadd  
**Telephone:** 020 7934 9505      **Email:** [Derek.gadd@londoncouncils.gov.uk](mailto:Derek.gadd@londoncouncils.gov.uk)

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**Summary**      Summaries of the minutes of London Councils

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

- Grants Executive – 18 September 2018
- CAB – 22 October 2018
- Executive – 13 November 2018

# Leaders' Committee

## Report from the Grants Executive – 18 September 2018

**Report by:** Ana Gradiska      **Job title:** Principal Governance and Projects Office  
**Date:** 4 December 2018  
**Contact Officer:** Ana Gradiska  
**Telephone:** 020 7934 9781      **Email:** Ana.gradiska@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the London Councils' Grants Executive held on 18 September 2018

**Recommendations:** For information.

**1. Attendance:** Cllr Philip Glanville (Chair – LB Hackney), Cllr Saima Ashraf (LB Barking and Dagenham), Cllr Kaya Comer-Schwartz (LB Islington), Cllr Charlene McLean (LB Newham), Cllr David Leaf (LB Bexley), Alderman Alison Gowman (City of London).

**2. Apologies for Absence:**

Apologies were received from Cllr Miranda Williams (RB Greenwich), Cllr Gerard Hargreaves (RB Kensington and Chelsea), Cllr Paul Ellis (LB Wandsworth), and Cllr Gareth Roberts (LB Richmond).

**2. Deputies and Declarations of Interest**

2.1 There were no deputies or declarations of interest.

**3. Minutes of the Grants Executive held on 22 June 2016 (for noting)**

3.1 Members noted the minutes of the meeting which took place on 22 June 2016.

**4. Withdrawal of a Priority 3 partner (verbal)**

4.1 Yolande Burgess, Strategy Director at London Councils, introduced this item and said that a Priority 3 partner, Disability Times Trust, trading as The Citizens Trust had withdrawn from delivery; notification had been given immediately prior to the Grants AGM in July. The Trust has been struggling to meet their delivery targets, and consequently they were withdrawing from the programme. The Trust cited significant competition in the area as a key factor in its withdrawal.

4.2 At the Grants Committee in November 2018, members will be asked to consider three recommendations:

- that the geographical area covered by Disability Times Trust remains open up to other partners delivering for the Priority 3 programme?
- options for the re-allocation of the £300-350k
- that the final decision for re-allocation is made by the Grants Executive

As the series of options that will be presented to the Grants Committee will also include options based on early findings from the mid-Programme review of Priorities 1 and 2, the final decision on re-allocation of funds would likely need to be made by the Grants Executive in February.

## **5. Month 3 Revenue Forecast 2018/19**

5.1 Frank Smith, Director of Corporate Resources, introduced this report which outlined actual income and expenditure against the approved income and expenditure in the budget to the end of June 2018, and provided a forecast of the outturn position for 2018/19 for both actual and committed expenditure on commissions.

5.2 Mr Smith drew Members' attention to the forecast underspend of £35,000. He said that as things stood, reserves were higher than the benchmark indicators set by the Grants Committee, but discussions surrounding Item 4 on this agenda gave the Committee an ideal opportunity to address the issue of the level of reserves between the November and February meetings.

5.3 Members noted the report.

**The meeting ended at 15:40**

# Leaders' Committee

## Report from the Capital Ambition Board Item no: – 22 October 2018

**Report by:** Ana Gradiska      **Job title:** Principal Governance and Projects Officer  
**Date:** 4 December 2018  
**Contact Officer:** Ana Gradiska  
**Telephone:** 020 7934 9781      **Email:** Ana.gradiska@londoncouncils.gov.uk

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**Summary:** Summary of the minutes of the Capital Ambition Board held on 22 October 2018

**Recommendations:** For information.

1. **Attendance:** *Members:* Cllr Steve Curran (Chair - LB Hounslow), Cllr Stephen Alambritis (LB Merton), Cllr Kevin Davies (RB Kingston upon Thames), Cllr Victoria Mills (LB Southwark), Cllr Yvonne Johnson (sub - LB Ealing); *Advisors:* Andrew Blake-Herbert (LB Havering); *London Councils:* Frank Smith, Thomas Man, Eliza Ackland, Ana Gradiska; *EY:* Victoria Evans, Shu Fei Wong; *For Presentations:* Mark Baigent (LB Tower Hamlets), Ian Swift (LB Southwark).
2. **Apologies for Absence:** Kevin Davies (RB Kingston), Cllr David Simmonds CBE (LB Hillingdon), John Hooton (Chief Executive, LB Barnet) and Paul Najsarek (Chief Executive, LB Ealing).
3. **Declarations of Interest:** There were no interests declared.
4. **Minutes of the meeting held on 10 July 2018**
  - 4.1 The minutes were agreed as an accurate record of the meeting held on 10 July 2018.
5. **London Ventures Presentation – targeted ventures on homelessness, temporary accommodation and housing**
  - 5.1 Mark Baigent and Ian Swift updated members on the following London Ventures supported activities:
    - 5.2 **PLACE:** The Pan-London Accommodation Collaborative Enterprise (PLACE) project aims to use meanwhile sites allocated to other uses (e.g. Crossrail 2) and install temporary modular accommodation on it to support LAs to tackle homelessness in the capital.
    - 5.3 **Property Listing Platform:** This project provided the technical specification for the IT platform of the Capital Letters programme.
    - 5.4 **Transition Insurance:** rather than paying a large deposit on a private rented sector property, this venture involves households taking out an insurance product which landlords would accept in lieu of a deposit and the LA/renters would pay an annual premium.



- 5.5 **Predictive analytics**: This project is led by LB Southwark and delivered in partnership with Xantura, an existing London Venture, to tackle the issue of homelessness. The predictive analytics model uses data from a number of sources to identify households who are at risk of homelessness can be identified at an early stage to allow the council to provide appropriate support to maintain their existing tenancy or find alternative options.
- 6. Capital Ambition – Director’s Report and London Ventures Progress Report**
- 6.1 The Head of Capital Ambition introduced this report and provided an overview of the programme activity. He stated that apart from an outstanding payment from a venture partner that income from the programme was still being accrued on a quarterly basis.
- 6.2 He also drew members’ attention to the projects and activities that CAB had funded outside of the London Ventures programme.
- 6.3 In relation to London Ventures, the Head of Capital Ambition highlighted specific elements from the main report which included significant engagement with a number of LAs interested in the general ventures products and services. Members were also informed about the young people’s hackathon event in October 2018 where students from two Lambeth schools shared their thoughts and ideas for tackling some of the key challenges facing children and young people.
- 6.4 The Director of Corporate Resources updated members on the current financial position and drew their attention to Appendix A which summarises the projected Capital Ambition fund balance at the end of the 2019/20 financial year.
- 6.5 EY said that income was still being generated by the programme and that they were confident that they could run the programme for another two years. They also gave members a summary of investment made in the last five years, and said that the boroughs were now positively engaging with the programme and there was also a lot of interest attracted nationally.
- 6.6 The Head of Capital Ambition reminded members that the next CAB meeting would take place on 12 December 2018.
- 7. Any Other Business**
- 7.1 There was no other business.

**The meeting finished at 15:05**

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

**Tuesday 13 November 2018 10:30 am**

**Cllr Peter John OBE was in the chair**

### **Present**

<b>Member</b>	<b>Position</b>
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 Darren Rodwell	
Cllr Muhammed Butt	
Mayor Phillip Glanville	Substituting for Cllr Clare Coghill

London Councils officers were in attendance.

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

Apologies were received from Cllr Clare Coghill for whom Mayor Phillip Glanville was deputising.

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

During the meeting Ms Catherine McGuinness declared a non-pecuniary interest in the exempt item 7 *Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20* as a member of the City of London Common Council in relation to its position as freeholder of the Southwark St offices.

### **3. Minutes of the Executive Meeting held on 19 June 2018**

The minutes of the Executive meeting held on 19 June 2018 were agreed.

### **4. London Office of Technology and Innovation**

The Director, Local Government Performance and Finance introduced the report saying:

- The 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 had been led by the GLA, with support from London Councils and a number of active London local authorities. It envisaged a three-year commitment from London Councils and the GLA to a work programme led and facilitated by a team of three, which would be both based at and part of London Councils. The estimated cost of around £440,000 p.a. to be funded by the GLA, London Councils and participating London local authorities
- LOTI would provide services to all 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
- The proposals were based on the assumption of joint funding, with the GLA and London Councils each contributing £100,000 p.a. and participating London local authorities each contributing £30,000 p.a.. A further assumption inherent in the calculations behind the proposal was that of eight boroughs participating with six being a minimum.

Cllr Ray Puddifoot asked that the three-year commitment for participating boroughs set out in the report be made clearer and Cllr Ruth Dombey pointed out that her borough, Sutton, had already made a considerable investment in data along with other south-west

London boroughs and without greater clarity on what the projected three staff would do, she could not support the proposal.

Mayor Philip Glanville suggested that it was something of a chicken-and-egg situation and that boroughs may step forward if they see London Councils and the GLA taking a lead. The need to be involved in developing work on data was widely recognized but boroughs were arguably too small to carry it forward and the GLA too big.

Cllrs Muhammed Butt, Darren Rodwell and Georgia Gould expressed their support for the proposals and the Executive agreed to note that 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, would be sought via Urgency arrangements.

## **5. Audited Accounts 2017/18**

Director of Corporate Resources informed the Executive that he would be introducing the next three reports:

- The external auditors issued unqualified opinions on all three accounts – for the Joint Committee, Grants Committee and TEC. The report summarised the differences identified between the pre-audited and audited figures and provided members with a brief explanation of the changes. London Councils' Audit Committee approved the audited accounts at its meeting on 18 September 2018.

The Executive agreed to:

- Note the changes between the pre-audited and audited financial outturn for 2017/18 for each of London Councils' three committees and
- Formally adopt each of the three statutory accounts attached as appendices.

## **6. Month 6 Revenue Forecast 2018/19**

The report analysed actual income and expenditure after the six month of the current financial year and highlighted any significant variances emerging against the approved budget.

The Executive agreed 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 the report.

## **7. Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20**

The report proposed 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.

- A range of new pressures that had emerged during the course of the current year meant that, for the first time since 2011/12, there was a projected deficit for the Joint Committee for 2019/20, amounting to £347,000. The Joint Committee had, typically, delivered surpluses at the end of the year in comparison to its initial budget, but clearly a deficit budget could not be set at the beginning of the year.
- The organisation was currently reviewing its priorities with members and was undertaking a range of internal work as part of the London Councils Challenge process. Both of these exercises would better enable the organisation to identify a clear strategy in the Autumn of 2019 that would include further potential reductions in expenditure, or increases in income, or a combination of the two. That would be the opportune moment to deal with any deficit by putting the future budget on to a sustainable basis for the medium term
- Significant ongoing savings had been delivered over the period since 2011/12
- Officers, after a discussion with the Chair, recommended that the Executive ask Leaders' Committee to agree that the projected deficit in 2019/20 of £347,000 be covered by a one-off draw-down from uncommitted Joint Committee reserves. These reserves would still remain as £3.264 million after such a draw-down, which equated to 34.6% of estimated Joint Committee operating expenditure of

£9.436 million for 2019/20. This was considered sufficient for London Councils to remain financially resilient to cover any future unforeseen eventualities.

Cllr Puddifoot commended the budget report and strategy.

Cllr Nicki Aiken argued against the use of reserves and, on a division called by the Chair Cllr Aiken voted against but the other members of the Executive agreed to recommend that the Leaders' Committee approved the use of reserves in the way set out in the report at their meeting on 4 December 2018.

The Executive agreed to recommend that the Leaders' Committee at their meeting on 4 December 2018 agree 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
- 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
- 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.

The Executive also agreed to recommend that the Leaders' Committee endorsed the following subscription and charges for 2019/20 for TEC, which would 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)
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which was covered by replacement Freedom Pass income (2018/19 – no charge)

- The net Taxicard Administration Charge to boroughs of £338,182 in total (2018/19 - £338,182)
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which was fully covered by estimated PCN income (2018/19 – no charge)
- The Parking Enforcement Service Charge of £0.3760 per PCN, which would be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2017/18 (2018/19 - £0.4226 per PCN)
- The Parking and Traffic Appeals Charge of £28.75 per appeal or £25.08 per appeal where electronic evidence was 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)
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2018/19, under the new contract arrangement with the GLA
- The TRACE (Electronic) Charge of £7.53 per transaction (2018/19 - £7.53)
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which was levied in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (2018/19 - £15.23) and
- The TEC Charge of £0.175 per transaction (2018/19 - £0.175).

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

- The provisional consolidated revenue expenditure budget for 2019/20 for London Councils of £385.173 million
- The provisional consolidated revenue income budget for 2019/20 for London Councils of £383.449 million
- Within the total income requirement, the use of London Councils reserves of £1.724 million in 2019/20.

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

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019 and
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources.

## **8. Nominations to Outside Bodies**

The Chief Executive introduced the report saying that it was a report that was brought to the Executive each year, normally in May -but later in an election year - detailing the appointments that London Councils made to outside bodies with a calculation of the proportionality of those appointments relative to the three political party groups respective strengths on Leaders' Committee. That calculation showed that current appointments are broadly in line with proportionality.

The report also notified members of recent appointments.

The Executive agreed to note the report.

The meeting ended at 11:10am.

### **Action points**

	<b>Item</b>	<b>Action</b>	<b>Progress</b>
<b>4.</b>	<b>London Office of Technology and Innovation</b> <ul style="list-style-type: none"><li>• 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, would be sought via Urgency arrangements.</li></ul>	<b>Local Government Performance and Finance/CG</b>	Done



# Leaders' Committee

## London Councils' Urgencies Report      Item no: 12

**Report by:** Lisa Dominic      **Job title:** Governance Support Officer  
**Date:** 4 December 2018  
**Contact Officer:** Derek Gadd  
**Telephone:** 020 7934 9505      **Email:** [Derek.gadd@londoncouncils.gov.uk](mailto:Derek.gadd@londoncouncils.gov.uk)

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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.