

# Leaders' Committee

13 October 2020 – 11:30 am

## Virtual Meeting via 'Teams'

<b>Labour Group:</b>	Teams	10:00
Political Adviser: 07977 401955)		
<b>Conservative Group:</b>	Teams	10:00
(Political Adviser: 07591 389100)		
<b>Liberal Democrat Group:</b>	Zoom	10:00
(Political Adviser: 07858 924941)		
<b>Contact Officer:</b>	David Dent	
<b>Telephone and email:</b>	020 7934 9753	david.dent@londoncouncils.gov.uk

### Agenda item

1. Apologies for absence

---

2. Declarations of Interest\*

---

3. Minutes of the Leaders' Committee held on 7 July 2020

---

4. Covid-19 Response – Rapid Identification of Lessons Learned – Mike Cooke attending

---

5. Supporting Councils to improve services and practice by address Racial Inequality

---

6. Local Government Finance Update

---

7. Planning White Paper

---

8. Secure Children's Homes

---

9. Progress on Pledges – skills and employment

---

10. Feedback from Joint Boards:
  - London Economic Action Partnership Board (LEAP)
  - Skills for Londoners and Business Partnership Board (SfL)
  - London Crime Reduction Board (LCRB)
  - Homes for Londoners Board (HfL)

---

---

11. Minutes and summaries:

- Executive Minutes – 19 May 2020
  - TEC Minutes – 11 June 2020
  - Executive Minutes – 16 June 2020
  - Audit Committee Minutes – 17 June 2020
  - Grants Minutes – 8 July 2020
  - TEC Executive Minutes – 16 July 2020
  - Audit Committee Minutes – 17 September 2020
- 

**\*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

---

Leaders' Committee will be invited by the Chair to agree to the removal of the press and public since the following items of business are closed to the public pursuant to Part 5 and Schedule 12A of the Local Government Act 1972 (as amended):

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information), it being considered that the public interest in maintaining the exemption outweighs the public interest in disclosing it.

Exempt Agenda item

---

E1 Minutes and Summaries:-

Exempt Minutes of the TEC Executive meeting held on 16 July 2020

---

## London Councils

Minutes of the London Councils Leaders' Committee held virtually on 7 July 2020

Cllr Peter John OBE chaired the meeting

Present:

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

Cllr Darren Rodwell  
Cllr David Longstaff (Deputy)  
Cllr Teresa O'Neill OBE  
Cllr Muhammed Butt  
Cllr Colin Smith  
Cllr Georgia Gould  
Catherine McGuinness  
Cllr Tony Newman  
Cllr Julian Bell  
Cllr Nesil Caliskan  
Cllr Danny Thorpe  
Mayor Philip Glanville  
Cllr Stephen Cowan  
Cllr Joseph Ejiofor  
Cllr Graham Henson  
Cllr Damian White  
Cllr Ray Puddifoot MBE  
Cllr Steve Curran  
Cllr Richard Watts  
Cllr Elizabeth Campbell  
Cllr Caroline Kerr  
Cllr Jack Hopkins  
Mayor Damien Egan  
Cllr Stephen Alambritis  
Mayor Rokshana Fiaz OBE  
Cllr Kam Rai (Deputy)  
Cllr Gareth Roberts  
Cllr Peter John OBE  
Cllr Ruth Dombey OBE  
Mayor John Biggs  
Cllr Clare Coghill  
Cllr Ravi Govindia  
Cllr Melvyn Caplan (Deputy)

Ex officio (under the provisions of Standing Order 2.5):

TRANSPORT AND ENVIRONMENT

Cllr Claire Holland

Apologies:

BARNET  
WESTMINSTER

Cllr Daniel Thomas  
Cllr Rachael Robathan

Officers of London Councils and representatives of the London boroughs were in attendance.

The Chair welcomed members to the first virtually held formal meeting of Leaders' Committee. He also welcomed Cllr Caroline Kerr, the Leader of The Royal Borough of Kingston upon Thames, to her first full meeting and thanked Cllr Julian Bell, who had recently stepped down as Chair of the Transport and Environment Committee (TEC) after six years in that role. He also welcomed Cllr Claire Holland, Deputy Leader of the London Borough of Lambeth, as the new Chair of TEC, and who would be attending in an ex-officio capacity.

The Chair reminded members that the date of this meeting coincided with the fifteenth anniversary of the London 7/7 bombings, and thanked Cllr Rachel Robathan for laying a wreath on behalf of London Councils at that morning's commemoration ceremony. He asked for a minute's silence in honour of the lives lost.

#### **1. Apologies for Absence and Announcement of Deputies**

The apologies and deputies listed above were noted.

#### **2. Declarations of interest**

Cllr Julian Bell declared an interest in that he was a member of the TfL Board.

#### **3. Minutes of the Leaders' Committee 11 February 2020**

The minutes of the Leaders' Committee meeting of 11 February 2020 were agreed as an accurate record.

#### **4. Covid-19 Pandemic: Recovery and Renewal**

The Chief Executive introduced the report, outlining the existing structures set up in the wake of the Pandemic and on which London Councils was represented at a political level, namely:

- The London Transition Board (LTB), co-chaired by the Mayor of London and the Secretary of State for Housing, Communities and Local Government, which would focus on exit from the lockdown and re-starting the economy, and which was envisaged to exist for the next six months or so
- The London Recovery Board (LRB), which would focus on medium and long term social and economic recovery issues for London, co-chaired by the Chair of London Councils and the Mayor of London, with Cllr Georgia Gould and Cllr Ruth Dombey taking on key roles driving forward the economic and social task forces respectively. This Board would have a longer lifespan than the LTB.

London local government fed into the work of these bodies via the work carried out by London Councils and also directly via borough officers. London Councils is supporting members on those groups but was also adding value to the recovery work being done by the boroughs.

The Chair thanked all of those involved in the London work responding to the pandemic, including the Co-Chairs of the multi-agency Strategic Co-ordination Group (SCG) - John Barradell and Eleanor Kelly – as well as Martin Esom for his role in coordinating London local government's work and also Zina Etheridge who, in capacity as chairing the London Chief Executive's group, was now the Convening Chief Executive in terms of input to SCG. Eleanor Kelly, John Barradell and Zina Etheridge were all in attendance at the meeting.

Mr Barradell explained the work that the SCG had undertaken and the important contribution of London local government to that. The transition arrangements now being put in place recognised the importance of being able to stand up such arrangements again quickly in the event of further waves of the virus.

Mr Baradell mentioned that the SCG had already carried out one lessons learned exercise and there would, of course, be further, fuller reviews in the future.at an appropriate point and when greatest use could be made of the findings.

He also pointed out that there would be further calls to boroughs for officer expertise and that he would alert chief executives and Leaders to this.

Members made the following comments:

- It would be helpful to undertake a very rapid lessons learned exercise about London local government's joint working on COVID 19 to date and, in particular, to consider how the political and professional strands of the response operated together. It was hoped that this could fairly quickly highlight some practice and process that could be built upon in ensuring that the response to any further waves of the virus would be a strong one.
- the issue of the inequalities in communities revealed by the Pandemic, and the disproportionate impact of the virus on BAME communities
- there was an urgency regarding the issues of economic recovery and improving public confidence to visit high streets and use public transport services again

The Chair felt that it would be important in terms of future response for there to be a clear, shared commitment to managing and sharing those unavoidable costs that fell across London local government, including mortuary provision, in a transparent fashion.

He agreed with the desirability of a rapid identification of lessons learned and encouraged boroughs to try and be helpful in responding to calls to support transition and recovery work where possible.

The Committee noted the report and agreed that:

- a rapid identification of lessons learned from London local government's joint working in response to the pandemic to date be commissioned in order to help inform preparations for further activity in response to any further waves of the virus;
- there should be a clear, shared commitment to managing and sharing those unavoidable costs that fell across London local government in responding to the pandemic.

## **5. Local Government Finance – Update**

The Director of Local Government Performance and Finance introduced the report. Since it had been written, there had been the opportunity to analyse the June financial returns from boroughs, which increased the overall financial impact for London from £1.8 to £1.9 billion, the total of increased expenditure from £700 to £767 million, and the projected income shortfall, which was now £1.1 billion.

He also reported the previous week's announcement from the Secretary of State for Housing, Communities and Local Government on the next tranche of funding - £500 million nationally of which it was expected that around £80 million would be designated for London - and the principles for future support. The Government had also made an announcement regarding the support for income loss, although more detail had yet to be published. The Government had also announced, to support the impact of Council Tax and business rate losses, that they would allow deficits in the collection fund to be recovered over three years rather than one, and would address in the autumn Spending Review any further financial support to be made to underpin those losses.

Members made the following comments in response to the paper.

- the Government had gone some way to acknowledging the pressures facing London local government. London should maintain pressure to receive the money it needs..
- there was a lack of detail in the financial information in terms of support for income loss; for example, there was a question about the potential inclusion of leisure deficits
- a summary document had been produced at the request of Executive on the financial needs of London in terms of recovery, and that this document should be used for lobbying purposes
- regarding the investment needed for recovery, because of the need to include digital and green infrastructure considerations, create jobs and address inequality, it was important not just to fund existing services, but be clear about the investment ask.

Members noted the report.

## **6. NHS Collaboration**

Cllr Puddifoot introduced the report, commenting that:

- the report updated members on developments regarding future integration with the NHS, and that in October 2019 Leaders had discussed the opportunities presented by the long-term plan and the new NHS leadership model to improve health and care services through faster integration and local leadership
- the report showed three specific long term commitments which would impact on the nature of collaboration with boroughs: delivering closer and more formalised joint working at the sub regional (Integrated Care System) level; the bringing together of delivery partners at the borough (Integrated Care Partnership) level; and the development of multi-disciplinary population health focused Primary Care Networks
- the report also set out the emerging conclusions from discussions held by the five Leaders representing London Councils on the London Health Board, and that the

intention to discuss these earlier with the wider Leaders' Committee had been disrupted because of the Pandemic

- The report concluded with the need for the five Leaders representing London Councils on the London Health Board to work together to develop a position integration that could be shared with Leaders, as well as guidelines for all boroughs in terms of democratic leadership of local work. He also wanted to write to the Secretary of State on this matter.

Members made the following comments:

- While the ICS level was important, the valuable role played by community GPs, Councils, adult social care teams and local NHS Trusts during the Pandemic at the borough level should not be underestimated
- there was a need to be continually aware of the requirement to close the gap in health inequalities. .

The Chair noted the comments and recognised that as well as developing a common approach to the issue, it was important that Leaders and Chief Executives were involved in discussions regarding potential changes in social care.

Members noted the report and agreed the approach of the five London Councils representatives on the London Health Board developing an approach to health integration that could be shared with Leaders.

## **7. Climate Change and Green Recovery from Covid-19**

Cllr Claire Holland, Chair of the Transport and Environment Committee, introduced the report, commenting that:

- all the political groups were supportive of climate action with some variation on preferred means of delivery
- the report contained eight action points that could assist with a green recovery from Covid-19, and recognised that as well maintaining the momentum on the activities set



out in the joint statement, the global Pandemic had placed a new premium on a green recovery

- recent discussions had strongly suggested that, in terms of a green recovery for London, renewal activity should focus on inequalities as well as meeting climate ambitions, and that there should be a specific focus on developing skills and jobs in the low carbon and environmental goods and services sector.

Cllr Bell welcomed the report and recognised that retrofitting would be a priority. He also felt that there should be lobbying on active travel infrastructure projects, in that the Government were currently investigating further funding with the Department of Transport.

Members also supported the alignment of this work with the broader activity of the London Recovery Board.

Members noted the report and endorsed the eight key action points.

## **8. Unaccompanied Asylum-Seeking Children**

Cllr Elizabeth Campbell introduced the report, stating that:

- the paper updated members on the lobbying activity that had taken place since the report in July 2019
- since that time the case has been made to the Government via a variety of means including public campaigning
- an announcement about future funding arrangements for UASC was made in June, the details of which were still being assessed
- planned consultation on the National Transfer scheme, delayed because of the pandemic, would now commence in the autumn
- UASC remained an issue despite the present Pandemic, and while boroughs remained committed, their requirement was that assistance to UASC should be fully financed.

Cllr Cowan confirmed an expected 39% increase in UASC, and that the majority of children coming into the UK were not arriving by the legal route i.e. the Dublin Regulation and the Dubs Amendment and Government should be lobbied on this. He felt that some draft text should be put together to share with political groups to establish some consensus in this area. Cllr Campbell agreed that should happen.

Members noted the report.

## **9. Business Plan**

The Chief Executive introduced the report, commenting that the plan, which would have been reported to members in March 2020, had changed quite considerably to reflect issues of recovery and renewal. The plan also now reflected a number of changes made, in consultation with portfolio holders and their shadows, that picked up on the consequences of the Covid-19 Pandemic for boroughs and the ways in which London Councils should support them.

Members approved the adoption of the business plan.

## **10. Feedback from Joint Boards**

### London Economic Action Partnership Board (LEAP)

The most recent meeting had considered:

- The GLA's early investment in economic recovery and the establishment of small business and culture funds
- The Government's requirement for LEAP to improve the speed at which they commit expenditure.

### Skills for Londoners Board (SfL)

The Board had discussed:

- the GLA's efforts to stabilise providers and the establishment of a rapid response fund to help FE and adult community learning to respond to unemployment
- A broader ambition about leaving no Londoner unemployed by the health crisis.

### Homes for Londoners Board (HfL)

The most recent meeting had:

- considered rough sleeping and the fact that 25% of rough sleepers had No Recourse to Public Funds, which had resulted in a letter to the Minister for Housing and Homelessness
- reviewed the Housing Delivery task force which was aiming for cross party representation
- discussed the new affordable homes programme.

### London Health Board (LHB)

The most recent meeting had considered the 'Our Vision for London' document in terms of concerns around the democratic deficit, discussed earlier in this meeting.

## **11. Proposed Protocol for London Councils Virtual Meetings**

The Director of Corporate Governance introduced the report stating that the Coronavirus Act 2020 had allowed Councils to hold decision making meetings virtually, but that the Regulations required a number of elements to put in place to ensure compliance. These had been included in the protocol attached to the report, together with a number of 'etiquette points'. There was also a schedule of revised future meeting dates, with the Joint Committee AGMs now being proposed to be held in the autumn.

Members agreed the protocol and the schedule of dates for 2020/21.

## **12. Minutes and Summaries.**

Leader's Committee agreed to note the minutes and summaries of:

- YPES – 30 January 2020
- Grants Executive – 5 February 2020
- TEC Executive – 6 February 2020
- CAB – 13 February 2020
- GLEF – 21 February 2020

- Executive – 3 March 2020, 19 May 2020

### **13. Urgency Report**

Members noted the report on the appointment of Cllr Claire Holland (Lambeth) as the Chair of TEC.

The Chair agreed to remove the press and public in that the following items were exempt from the Access to Information Regulations, and via Schedule 12A of the Local Government Act 1972 (Section 3) in that the items related to the financial or business affairs of a particular person (including the authority holding that information).

# Leaders' Committee

## Covid-19 Response – Rapid Identification of Lessons Learned Item no: 4

**Report by:** John O'Brien **Job title:** Chief Executive

**Date:** 13<sup>th</sup> October 2020

**Contact Officer:** John O'Brien

**Telephone:** 020 7934 9575 **Email:** [John.O'Brien@londoncouncils.gov.uk](mailto:John.O'Brien@londoncouncils.gov.uk)

**Summary** This report reminds members that Leaders' Committee agreed in July 2020 that work be commissioned to identify lessons learned from London local government's collective response to the Covid-19 pandemic between March and July of this year.

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

- Note and comment on the identification of lessons learned that Mike Cooke will verbally present at Leaders' Committee on 13<sup>th</sup> October.

# Covid-19 Response – Rapid Identification of Lessons Learned

## Introduction

1. At its meeting on 7<sup>th</sup> July 2020, London Councils Leaders' Committee agreed that a short, rapid exercise should be conducted to identify early lessons learned so far from London local government's joint working on COVID 19 during the period between March and July 2020 and, in particular, the ways in which the political and professional strands of the collective response worked together. The project brief is attached as Appendix A.
2. Mike Cooke, formerly Chief Executive of the London Borough of Camden, was subsequently commissioned to undertake the work. He went on to interview a number of those most closely connected with some of the joint working during the period. In addition, he issued an open invitation, through London Councils, for any Leader/Directly Elected Mayor or Chief Executive to submit written observations in relation to the areas covered in the brief.
3. In essence, the key lines of enquiry were centred on how councils in London worked together during the height of the pandemic and the views of Leaders/Directly Elected Mayors and Chief Executive were sought on:
  - What went well?
  - What went less well?
  - What are the key lessons that might help future planning?
4. Mike Cooke will present his verbal summary of lessons learned at the Leaders' Committee meeting on 13<sup>th</sup> October.

## Recommendations

Note and comment on the identification of lessons learned that Mike Cooke will present at Leaders' Committee on 13<sup>th</sup> October.

---

## **Financial Implications for London Councils**

Consideration will need to be given to the resource implications of this report and we will revert to Leaders if and when any resource implications for London Councils are quantified.

## **Legal Implications for London Councils**

None specifically flowing from this paper.

## **Equalities Implications for London Councils**

### **Appendices:**

#### **Appendix A: Project Brief**

*(London Local Government Covid – 19 Response Rapid Identification of Lessons Learned)*

## Appendix A: Project Brief

### LONDON LOCAL GOVERNMENT COVID – 19 RESPONSE RAPID IDENTIFICATION OF LESSONS LEARNED

#### Synopsis

A rapid, early identification of lessons learned from London local government's joint working on COVID 19 during the period between March and July 2020 and, in particular, the ways in which the political and professional strands of the collective response worked together. This is not intended to be a full review, but is intended to throw up examples of practice and process that worked well and should be built on in responding to any further waves of COVID 19, as well as issues that need to be addressed in order to strengthen London local government's response to any future waves of the virus.

#### Background

Following the onset of the COVID 19 Lockdown in March 2020, London local government responded in a variety of ways. A very substantial element of that response was the work of individual boroughs. **That activity is not the subject of this exercise.** This review activity is focused on the collective work of London local government at political and professional levels and the relationship of the two.

London local government's collective response included:

- The establishment of Chief Executive co-ordinating arrangements at sub regional level working through a 'Convening' Chief Executive. This was the mechanism that helped act as the transmission mechanism between boroughs and the pan London, multi-agency Strategic Co-ordination Group (SCG).
- Local political leadership feeding into local responses that were taken into sub-regional co-ordination arrangements.
- Variety of officers being involved in thematic Task and Finish Groups commissioned by either the SCG or the local authority co-ordination arrangements via the 'Convening' Chief Executive. Chief Executives led a large number of specific theme groups across a wide range of topics relevant to responding to the pandemic.
- Joint communications work amongst boroughs co-ordinated by London Councils and feeding into the SCG Gold Communications Group.
- A range of policy and professional support activity provided by established mechanisms involving London Councils and relevant professional groupings. This work included liaison with key national and London partners.
- Weekly meetings of Leaders with the 'Convening' Chief Executive to review progress on issues that London boroughs were grappling with.
- Twice weekly meetings involving the London Councils Elected Officers with the Mayor's Office and the Co-chairs of the SCG.



## **Identification of Lessons Learned**

This rapid review activity is asked to identify:

- Areas that worked well in terms of co-ordinating and harnessing London local government's collective response work, in particular the ways in which within existing accountabilities the political and professional strands worked together, and which should be built upon in preparing for responding to any further waves of the virus.
- Any suggestions for strengthening co-ordination and alignment between the various London local government inputs, in particular the ways that within existing accountabilities the political and professional strands can work together in order to enhance our capacity to respond effectively to any further waves of the virus.
- Any recommendations on how co-ordination arrangements between chief executives for responding to future waves of the virus can be improved.

## **Inputs**

The review activity is likely to include:

- Interviews/grouped discussions with the elected officers of London Councils and a small selection of other Council Leaders.
- Interviews/grouped discussions with the 'Convening' Chief Executive, their Chief of Staff and sub-regional co-ordinating chief executives.
- Interviews with the Chair of the Chief Executives London Committee (CELC) and the Chief Executive of London Councils.
- Interviews with the Co-chairs of the SCG.
- Review of any relevant documentation to help provide broader context for the collective response work that was undertaken.

## **Output**

The required output is a short commentary focused on:

- Things that went well collectively and need to be built upon in responding to any fresh waves of the virus.
- Suggestions for strengthening our future collective responses to fresh waves of the virus, including the arrangements by which chief executives co-ordinate effective response activity and offer assurance to London's wider resilience arrangements.

## Leaders' Committee

### Supporting Councils to improve services and practice by addressing Racial Inequality

Item no: 5

**Report by:** John O'Brien      **Job title:** Chief Executive  
**Date:** 13<sup>th</sup> October 2020  
**Contact Officer:** John O'Brien  
**Telephone:** 020 7934 9575      **Email:** John.O'Brien@londoncouncils.gov.uk

---

**Summary**      This report provides an overview of:

- (a) The work that Leaders' Committee initiated in July 2020 to support councils in tackling racial inequality.
- (b) An outline of some immediate opportunities for London local government to collaborate and exchange promising practice.
- (c) London Councils' corporate engagement with this agenda, as encapsulated in a draft statement.

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

- 1. Note the progress made to date in co-designing a programme of activity with the Portfolio Holder and senior borough officers.
- 2. Note and comment on the emerging model for the programme of work set out in the diagram at Appendix A.
- 3. Agree the draft statement set out in Appendix B, which was commended to Leaders' Committee by the Executive at its meeting on 8 September 2020

# Supporting Councils to improve services and practice by addressing Racial Inequality

## Introduction

1. Leaders' Committee adopted a business plan for 2020/21 at its meeting in July 2020, which set out how the organisation aims to deliver its strategic objectives over the medium term and which commits to us working to build a fairer, more inclusive capital.
2. The plan opened with a section which sought to respond directly the devastating, disproportionate impacts of the Coronavirus on communities, businesses and local government. One stark aspect of this, is the impact on Black, Asian and Minority Ethnic Communities, bringing inequality and specifically racial inequality into sharp focus.
3. A recent Public Health England Review found that in England: *After accounting for the confounding effects of age, gender and deprivation, risk of death from coronavirus was twice as high in Bangladeshi groups; and between 10-50% higher in persons from Black, Asian, Indian, and Chinese ethnic groups compared to the White population.*
4. The brutal killing of George Floyd and the subsequent involvement of many Londoners in the Black Lives Matters movement has illustrated the depth and breadth of feeling about disproportionality and racial injustice.
5. At their July meeting, in agreeing the business plan, Leaders instructed officers to:  
*Support service improvement, by collecting and sharing the best emerging local government practice in tackling inequality; coordinating, where appropriate, across service areas – with the aim of helping local initiatives to tackle unfair outcomes (e.g. those disproportionately affecting Black, Asian and Minority Ethnic communities) – supported by targeted early intervention.*

6. The Executive considered a report on tackling racial inequality at its meeting on 8 September 2020 and was supportive of the developing programme of work which is set out below, which includes a range of opportunities for London local government to add value by collaborating and exchange promising practice. Members were keen to see London Councils play a constructive role in tackling racial inequality part as a membership association, a provider of services and as an employer. The Executive went on to commend the draft statement set out in Appendix B, for consideration by Leaders' Committee.

### **Emerging Programme of work**

7. London Councils, under the leadership of Cllr Muhammed Butt (*Portfolio Holder for Welfare, Social Inclusion and Empowerment*) is working closely with Chief Executives and other local authority professionals to co-design a programme of activity that will provide effective support to boroughs in taking this agenda forwards. A CELC working group, chaired by Kim Smith (*Chief Executive of Hammersmith and Fulham Council*) is providing managerial leadership and several borough officers have helpfully stepped forwards to provide their help and advice.
8. It is recognised that we are not starting with a blank sheet of paper, indeed many authorities have well developed models of intervention and effective programmes for promoting equalities, which have led to a number of improvements across services and in employment practice. Consequently, we have begun to collate examples of promising practice so that this is available as a resource for other authorities.
9. In addition to locally based practice, a number of professional networks (such as the Association of London Directors of Children's Services) are developing their own initiatives to share and promote good practice.

10. It will be important to design London Councils' contribution in a way that adds value to these broader initiatives and avoids unnecessary duplication and 'crowding out'.

### **Supporting boroughs to improve services and practice**

10. The co-design process mentioned above has led to the development of a tentative model to frame our work around three main blocks of activity (see *diagram attached as Appendix A*)

- Demonstrating Leadership
- Building Inclusive Workplaces
- Challenging and Improving Practice across Services

11. There are a number of immediate opportunities where London Councils has the levers to act, and hence where we are quickly moving forwards:

i. London Leadership Programme

- A review is in train with a view to swiftly adapting the offer to address the need to support the development of a cohort of Black, Asian and Minority Ethnic managerial leaders.

ii. Good Practice

- Work is in train to collect promising practice.
- Discussions have begun on co-designing a 'standard' to support authorities in benchmarking their practice

iii. Data

- Work is in train to identify a strategic approach to collecting data that will support practice improvement.

iv. Procurement practice and social value

- Early discussions have begun around how authorities can improve their approach to procurement and social value consideration.

### **London Councils**

12. Leaders' Committee will be mindful of London Councils' own responsibilities as a membership association, a provider of services and an employer. With

reference to the three blocks of activities mentioned above, these responsibilities could be framed in the following way:

### **Demonstrating Leadership**

13. A visible way of responding to this challenge would be to reinforce the commitments made in our 2020/21 Business Plan, which commits to us working to build a fairer, more inclusive capital. This is buttressed by more detailed commitments, including: collecting and sharing best emerging local government practice; working with Public Health England and other partners to identify and tackle the disproportionate impact of COVID 19 on Londoners from Black, Asian and Minority Ethnic communities.
14. Our engagement with the London Recovery Board also provides a potential opportunity to 'build back better' by ensuring that the Board's programme prioritises tackling racial inequality.

### **Building Inclusive Workplaces**

15. London Councils is well placed to work through the Employers Organisation and the network of HR Directors to:
  - collect, analyse and publicise pan London local government workplace ethnicity data.
  - Support the development of inclusive employment policies and practices (e.g. training and mentoring programmes) as well as career progression and recruitment initiatives designed to advance the goal of building more inclusive workplaces at all levels.
16. In addition, London Councils is itself committed to redoubling efforts to ensure that the working environment at London Councils is free from discrimination in any form and in which our staff and our stakeholders are treated with dignity and respect.
17. Discussions continue to take place with our staff and a number of additional measures are being worked-up, with input from the staff, to improve recruitment, retention and development opportunities - in alignment with the wider framework set out in this report.

## Challenging and Improving Practice across Services

17. London Councils collaborative work with Chief Executives and Professional Networks puts us in a good position to help facilitate and support a programme of thematic reviews by CELC Lead Advisers exploring disproportionality issues across a range of service and policy areas and share emerging best practice among member authorities in tackling inequality.
18. Leaders' Committee and organisation's senior managers will be mindful of the need to continue to challenge our own direct service delivery at London Councils, with a view to identifying disproportionality and improving practice.

## Conclusion

19. As requested by Leaders, a programme of work has been initiated over the summer, co-produced with senior managers from our member authorities. This is expected to lead to the delivery of a number of 'quick wins', including improved targeting of the London Leadership Programme.
20. There are, however, several longer-term challenges which will require sustained effort in order to deliver meaningful outcomes. As a first step in this longer-term challenge, the Executive commended the draft statement *attached at Appendix B*, to Leaders' Committee. Its adoption would provide a visible demonstration of leadership on this agenda.

## Recommendations

Leaders' Committee is asked to:

1. Note the progress made to date in co-designing a programme of activity with the Portfolio Holder and senior borough officers.
  2. Note and comment on the emerging model for the programme of work set out in the diagram at Appendix A.
  3. Agree the draft statement set out in Appendix B, which was commended to Leaders' Committee by the Executive at its meeting on 8 September 2020
-

## **Financial Implications for London Councils**

We are working with the Lead Member to assess the resource implications of this programme of work and will revert to the Executive when the resource implications have been quantified.

## **Legal Implications for London Councils**

None specifically flowing from this paper.

## **Equalities Implications for London Councils**

These are addressed in the body of the report.

## **Appendices:**

- **Appendix A:** Tackling Racial Inequality - emerging work programme
- **Appendix B:** Draft London Councils Statement on Race Equality



# Emerging pan-London work

Supporting the work of individual councils as they seek to address inequality

## Demonstrating Leadership

- Identify a CELC Lead
- High profile messaging by political and managerial Leaders
- London Councils Business Plan – including BAME equalities initiatives as headline priorities in current business plans
- London Recovery Board
- Working with community sector – listening to local ‘unheard voices’ and nurturing community development
- Pan-London standard/ assurance
  - *Peer review?*

## Accelerating Action to Ensure an Inclusive Workforce (*Work as Large Employers*)

- Undertaking focussed work on race inequality in the workplace
  - Collect, analyse and publish pan-London workforce ethnicity data
  - Increase awareness and buy-in of off-the-shelf standards/ packages to increase external verification and validation of practice
  - Career progression initiatives/ L&D – **Adapting/ developing the London Leadership Programme (LLP)**
  - Recruitment practice – *mutual aid to support diverse recruitment panels?*
  - Sharing inclusive employment policies/ practice (e.g. training and reverse mentoring programmes)
  - Promoting (and linking) diversity networks
- } **best practice compendium/ resources hub**

## Challenging and Improving Practice Across Services

- **Thematic reviews by CELC Lead Advisers** (Adult Care; Children’s Services; Health; Crime and Policing; Employment; Housing and Growth; Skills; Transport; Environment; Finance; Welfare) – exploring disproportionality sector by sector
  - *New pan-London campaigns? New lobbying lines?*
- Support service improvement by collecting and sharing emerging practice in tackling inequality – **best practice compendium/ resources hub**
- *Commissioning and procuring services – leveraging authorities collective buying power?*

## **Appendix B**

### **DRAFT LONDON COUNCILS STATEMENT ON RACE EQUALITY**

#### **Introduction**

In recent months, the brutal killing of George Floyd has brought to the forefront feelings of enormous frustration and anger about the ongoing scale of racial injustice that confronts us. The disproportionate impact of COVID 19 on Black, Asian and other Minority Ethnic communities underscores the longstanding challenge that we must address - making London a fairer place for its citizens.

London Councils is itself reflecting on that challenge and the things that the organisation can do to contribute to addressing that challenge. That includes its day to day work with London's boroughs, our partner organisations and with Londoners, as well as our organisation internally.

This statement captures the state of that reflection to date, but also acknowledges that there is an ongoing and evolving conversation on these issues and that the content will change as that conversation changes.

#### **London Local Government and Racial Inequality**

London Councils recognises that racial inequalities exist in all areas of public life with devastating consequences for far too many Londoners. We pledge to work with our member authorities to create a fairer and more equal society.

As public bodies, we and our member authorities have a legal duty under the Equalities Act 2010 to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations

Councils across the capital along with London Councils itself agree that they can make a difference by committing to lead change across different communities, building more diverse and inclusive workplaces and challenging ourselves and others to identify and remove inequalities in access to services.

By working together and with London's Black, Asian and other Minority Ethnic communities, London local government will work consistently towards the goal of greater equality.

#### **London Councils working with its member authorities**

London Councils will work with its member authorities on this agenda against the same three broad areas of activity as illustrated below.

#### ***Demonstrating Leadership***

We will:

- Reflect the importance of this agenda in our Business and Work Plans. Our 2020/21 Business Plan commits to us working to build a fairer, more inclusive capital and to collecting and sharing best emerging local government practice on tackling inequalities, co-ordinating where appropriate across service areas with the aim of helping local initiatives to tackle unfair outcomes (e.g. those disproportionately affected BAME communities). The importance of this theme is reflected more broadly in the Business Plan and work plans, for example in the work with Public Health England and other

partners to identify and tackle the disproportionate impact of COVID 19 on Londoners from minority ethnic communities.

- Seek to ensure that tackling racial inequality is an issue that is captured in the work of the London Recovery Board.

### ***Building Inclusive Workplaces***

We will:

- Support London local government to collect, analyse and publicise pan London local government workplace ethnicity data.
- Support the development of inclusive employment policies and practices (e.g. training and mentoring programmes) as well as career progression and recruitment initiatives designed to advance the goal of building more inclusive workplaces at all levels.

### ***Challenging and Improving Practice across Services***

We will:

- Facilitate and support thematic reviews by CELC Lead Advisers exploring disproportionality issues across a range of service and policy areas and share emerging best practice among member authorities in tackling inequality.
- Challenge our own direct service delivery at London Councils to identify disproportionality issues and practice that may tackle inequality.

### ***London Councils as an Employer***

London Councils strives to create a working environment that is free from discrimination in any form and in which our staff and our stakeholders are treated with dignity and respect. We recognise that many of our staff, along with those across the capital, are feeling pain and anger as a result of the wider racial injustices highlighted by document. We wish to discuss these feelings with our staff, in a variety of settings, gain a better and deeper understanding of the impact this has on individuals and identify ways in which, in our working environment and lives, we can help colleagues feel that London Councils is striving for fairer outcomes.

We will:

- Prompt wider conversations with staff about the issues that racial inequality raises and identify further steps that we can take to promote equality in the workplace
- Learn from initiatives on successfully building inclusive workplaces that our member authorities implement
- Reaffirm our commitment to training and support, including mandatory equalities training for staff across the organisation to raise awareness of these issues and as a means of tackling inequality in the workplace.

# Leaders' Committee

## Local Government Finance - update

Item 6

**Report by:** Paul Honeyben **Job title:** Strategic Lead: Finance & Improvement

**Date:** 13 October 2020

**Contact Officer:** Paul Honeyben

**Telephone:** 0207 934 9748 **Email:** [paul.honeyben@londoncouncils.gov.uk](mailto:paul.honeyben@londoncouncils.gov.uk)

---

### Summary

This report updates Leaders' Committee on the latest funding announcements related to Covid-19 and the estimated financial impact of the virus on London local government. It also provides an update on lobbying ahead of the Comprehensive Spending Review (CSR) and the fundamental review of business rates due to conclude in the autumn and seeks agreement in principle to continue the London business rates pool in 2021-22 ahead of the Government's deadline of 23<sup>rd</sup> October.

### Recommendations

Leaders' Committee is asked to:

- note the latest government funding announcements and estimated financial impact of Covid-19 on London local government;
  - note the lobbying activity with regard to the CSR and the Fundamental Review of Business Rates; and
  - agree in principle to continue the pan-London business rates pool on the same basis as currently in 2021-22.
-

## **Local Government Finance update**

### **Introduction**

1. London boroughs continue to play a central role in the response to both the public health and economic crises caused by COVID-19. Both have resulted in additional expenditure and significant income losses for local authorities, while presenting challenges and opportunities for the future economic and social role of London Government.
2. Government funding has not been sufficient to cover the financial impact since March and will fall significantly short of the estimated impact over the full financial year without further investment. This, together with ongoing uncertainty regarding future funding, is severely testing boroughs' financial resilience.
3. The Comprehensive Spending Review (CSR), due in the autumn, was already going to be a pivotal point for local government finance after a decade that saw budgets fall by over a quarter and London's population grow by almost a million people. It now takes on even greater importance for the financial sustainability of London local government within the broader national context of economic recession and the need to repair the public finances.
4. At the same time the Government is also undertaking a fundamental review of business rates: one of the cornerstones of local government funding, with the second deadline for its call for evidence on the subject of 31<sup>st</sup> October, and a final outcome due in the spring. The review partly focusses on alternative taxes that may partially replace business rates, were they to be cut substantially, which raises questions about who controls such taxes and the possibility of fiscal devolution to London local government.
5. The London business rates pool has provided an initial platform for developing strategic joint governance between the Mayor and Leaders, as well as delivering financial returns for London Government since it was established in 2018-19, and is expected to continue to be beneficial in the current year, despite the impact of Covid-19.

6. This report, therefore, updates Leaders' Committee on the latest funding announcements related to Covid-19 and its estimated financial impact on London local government, provides an update on lobbying ahead of the CSR and HM Treasury's review of business rates and seeks agreement in principle to continue the London business rates pool in 2021-22.

## **COVID-19 funding and financial impact on London local government**

### Recent funding announcements

7. Following the detailed update to Leaders' Committee in June, Appendix A provides an updated list of all funding measures announced since the start of the pandemic, and London boroughs' share of each one. Overall, they have received around 16% of all direct funding: broadly in line with London's share of the national population. Since June, there have been some further important funding announcements.
8. In July, London boroughs received £87 million (18%) of the **third tranche of emergency funding totalling £500 million**, when it was also confirmed that the recovery of council tax and business rates Collection Fund deficits could be phased over the next 3 years rather than addressed within a single year. The decision on how much – if any - compensation will be provided for tax losses was postponed until the CSR. A **compensation scheme for lost sales, fees and charges (SF&C)** income was also announced, with local authorities forgoing the first 5% of affected budgeted SF&C income, and government compensating authorities for 75p in every pound of losses thereafter. The first data collection and payments (for the period April to July 2020) are due in early October. Section 151 officers are responsible for self-certifying the accuracy and reasonableness of claims. Initial estimates suggest it may only cover around half of the estimated lost SF&C income. A verbal update will be provided to Leaders' Committee, by which time the first payments are due to have been made.
9. On 9<sup>th</sup> September, a **Local Restrictions Support Grant (LRSB)** was announced for businesses required to close due to local Covid-19 lockdown restrictions, with large businesses (with a rateable value over £51,000) able to claim grants up to

£1,500 every three weeks and smaller businesses (RV under £51,000) receiving £1,000. Payments are triggered by a national decision to close businesses in a high incidence area and made for a 3-week lockdown period. Local authorities will also receive an additional 5% top up amount of business support funding to enable them to help other businesses affected by closures. Final guidance was published on 24<sup>th</sup> September<sup>1</sup>.

10. On 17<sup>th</sup> September, a second round of **Infection Control funding**, totalling £546 million nationally, was announced. Although allocations have not yet been confirmed, if distributed on the same basis as the first ICF (worth £600 million), it is estimated London boroughs would receive £46 million to continue supporting care providers.
11. On the same day, the **Next Steps Accommodation Programme** allocations were confirmed, totalling £92 million nationally, to support local authorities in preventing those who were sleeping rough or at risk of sleeping rough during the pandemic from returning to the streets, following the 'Everyone In' initiative. Overall London will receive 43% of the national total, with boroughs receiving £23 million and the GLA £19 million.
12. Finally, the Secretary of State for Health and Social Care wrote to all council Leaders on 20<sup>th</sup> September setting out details of a new **Test and Trace Support Payment scheme** in which people on low incomes who are unable to work while they are self-isolating because they cannot work from home will be entitled to £500. Local authorities will administer the scheme to be implemented by 12<sup>th</sup> October at the latest.

#### The August MHCLG survey

13. MHCLG continues to undertake monthly surveys to gauge the scale of the financial impact of Covid-19 on local authorities. A verbal update will be provided on the September survey, which had not been completed at the time of drafting. The fifth survey, undertaken in August, indicated the total impact across London

---

<sup>1</sup> <https://www.gov.uk/government/publications/coronavirus-covid-19-local-restrictions-support-grant-guidance-for-local-authorities>

boroughs in 2020-21 was forecast to be **£2 billion**, comprising **£1.1 billion in lost income** and **£923 million in increased expenditure** (broadly the same levels as the July survey). Taking account of the **£587 million in emergency funding** that boroughs have received so far, the funding gap in 2020-21 was estimated to be **£1.4 billion** across London. Table 1 (below) shows the detailed breakdown of the latest estimated impact in 2020-21.

14. Almost a third (£289 million) of additional expenditure has been within Adult Social Care, with unachieved savings accounting for £151 million, and increased homelessness and rough sleeping costs accounting for almost £100 million. Spending is also estimated to increase by around £60 million in each of the following services: finance & corporate and environment & regulatory service; and around £40 million in public health; children's social care; and cultural services.

**Table 1 – C19 financial impact on London boroughs 2020-21 - August 2020**

	<b>£m</b>
Additional expenditure - ASC	289
Additional expenditure - Unachieved savings	151
Additional expenditure - All other	483
<b>TOTAL ESTIMATED ADDITIONAL SPENDING</b>	<b>923</b>
Reduced income - Sales, fees and charges	451
Reduced income - Council Tax (local share)	248
Reduced income - NNDR losses other (local share)	213
Reduced income - HRA	80
Reduced income - Commercial Income	56
Reduced income - Other	46
<b>TOTAL ESTIMATED INCOME LOSS</b>	<b>1,093</b>
<b>TOTAL ESTIMATED FINANCIAL IMPACT</b>	<b>2,016</b>
Emergency funding received so far	<b>-587</b>
<b>FUNDING GAP</b>	<b>1,429</b>

15. With regard to income, only around half of the £451 million SF&C losses is expected to be covered by the compensation scheme. With the extent of compensation for lost tax income (totalling £461 million) not known until the CSR, and no indication of compensation for lost HRA, commercial or other income (totalling £182 million), there is significant uncertainty over how much of the financial impact of COVID-19 boroughs will ultimately have to bear. This makes the outlook ahead of the CSR extremely challenging.



## **Comprehensive Spending Review 2020**

16. Despite the Budget, previously planned for the autumn, having been cancelled by the Chancellor shortly before the announcement of the Government's Winter Economic Plan on 24<sup>th</sup> September, the current intention remains for the Government to deliver the CSR this autumn. However, the likelihood of it being scaled back to cover just one year, rather than the planned 3 years, is increasing given the economic uncertainty facing the country. The 24<sup>th</sup> September deadline for representations suggests the review is likely to conclude in November, based on past experience.
17. London Councils made a detailed representation, accompanied by a short two-page summary (included at Appendix B) under the assumption of a three-year CSR. The key priority is for the Government to take immediate steps to address the short-term impact of Covid-19 on local government funding highlighting the £1.4 billion funding gap and mounting pressures caused by the potential second wave and, beyond that, for certainty over 2021-22 funding and sustained above-inflation investment in local government services over the three-year period. It called for the Government to provide long-term financial sustainability by delivering new sources of revenue and considering greater fiscal devolution and set out a series of detailed asks to support boroughs in delivering the economic and social recovery the country needs. In the event that the Spending Review covers only one year, the most urgent priorities – covering the costs of managing the pandemic and establishing certainty of adequate funding in 2021/22 as soon as possible, will remain essential.

### **Lobbying**

18. With regard to lobbying the following activity has occurred so far:
- A press release was published on 24<sup>th</sup> September
  - Associated social media coverage on London Councils' Twitter and LinkedIn accounts.
  - The submission has been shared with BBC London News and discussions with network programming on a set of issue-specific follow-ups.

- The two-page summary has been shared more widely with journalists, London MPs, business groups, voluntary sector organisations and other key stakeholders.
- Oral and written parliamentary questions on issues raised in London Councils' CSR submission were sent to London MPs ahead of October HCLG questions.
- A member briefing has been sent to all London councillors on 29<sup>th</sup> September.

19. Further lobbying activity is planned in the run up to the CSR including, but not limited to:

- A template letter will be sent to Leaders in early October for them to write to their local MPs in the lead up to decisions being taken ahead of the CSR.
- A detailed briefing will be provided for elected officers of the London APPG, who are due to meet the Minister for London, Paul Scully MP, on 14<sup>th</sup> October.
- Further media stories focusing on a number of the specific issues within the submission are scheduled throughout October, for example retrofitting and the Green recovery and adult social care, with others to be confirmed.
- Officers are meeting London business groups in early October to discuss alignment of lobbying messages and potential for joint lobbying in October.

20. The GLA also made a representation and the Mayor has written to the Chancellor outlining his priorities, with many areas in common with London Councils' submission. Officers are in discussion with GLA officers regarding joint lobbying on common priorities in the lead up to the CSR.

## **Fundamental Review of Business Rates**

21. HM Treasury launched a fundamental Review of Business Rates at the Budget in March. Its objectives are to reduce the overall burden on businesses; improve the current business rates system; and consider more fundamental changes in the medium-to-long term. Its call for evidence focused on four main areas including:

- improvements to the Transitional Relief Scheme from April 2021;

- reforms to make the system more sustainable including the basis and frequency of valuation, the effectiveness and operation of different reliefs, how the business rates multipliers should be set, and who pays the tax;
- the administration of the tax, covering the valuation and appeals process; and
- potential alternatives to business rates, particularly taxing land and property.

22. Responses were sought in two phases with views on the multiplier and reliefs sought by 18<sup>th</sup> September to inform an interim report in the autumn; and views on the remaining areas sought by 31<sup>st</sup> October. The review is due to conclude by spring 2021.

23. London Councils and the GLA submitted a joint response to the first deadline, which can be found at Appendix C. The response stressed that it is too early to tell what the long-term impact of coronavirus will be on the commercial property market and flagged the potentially far-reaching impact on businesses and property use in Central London and London's wider town centres. As such, it urged the Government to confirm its plans to support businesses in targeted sectors with rates bills beyond March as soon as possible. It also sets out the reforms London Government believes must be implemented once we emerge from the pandemic to help stabilise the economy and support future growth. These include solving the problems of complexity and the overconcentration of the tax on particular geographies and sectors, which largely result from the current, centrally prescribed system. It advocates greater local control over setting of the tax through devolving the multiplier to London Government, and argues that the suite of mandatory reliefs could be much better tailored and responsive to local economic need if devolved to local government.

24. The second response to the call for evidence will broadly put forward similar arguments regarding a more localised system, emphasising that – as the primary aim of the review is to reduce the tax burden on businesses – it will be essential that local authorities have access to replacement or additional taxes to ensure they are not worse off. More fundamentally, these new taxes should be designed

jointly with local government. It is likely to conclude that there is good evidence to support implementing online sales taxes, although ensuring local accountability over them is difficult. Subject to broader agreement with the GLA, it is likely to indicate there is less compelling evidence for a Capital Values Tax (the other tax mooted in the call for evidence). More widely, it will advocate for a principled approach, rather than focussing on the details of individual taxes at this stage, which should consider the broader issues of what local government is funded for and how best to achieve that through a varied basket of local-controlled revenue sources.

25. Officers are also working closely with London business groups to identify areas of common ground and whether there is scope for a high-level joint response to the 31<sup>st</sup> October deadline. London Councils' upcoming "Business 1000" survey will also be used to obtain supportive data that may reinforce the devolution arguments. As the review will report in the spring, it is further proposed to explore with the GLA the potential for commissioning further independent research regarding business rates reform, and the potential for other taxes to partially take its place. A final response will be prepared for authorisation by Group Leaders in the usual way.

### **The London Business rates pool**

26. The Government has set a deadline of 23<sup>rd</sup> October for local authorities to confirm whether they wish existing business rates pools to continue in 2021-22 and, if not, for any expressions of interest to form new pools.
27. The pan-London business rates pool has been in existence since 2018-19, when it was established as a 100% retention pilot negotiated with Government, which delivered £397 million of net financial benefit (£216 million of which was retained directly by London boroughs and the City of London). In 2019-20, the pilot was scaled back to 75% retention, and the draft outturn (from August) estimated the net financial benefit to have been £212 million (with £115 million retained by London boroughs and the City of London).

28. Leaders and the Mayor agreed to continue pooling in 2020-21, following discussion at Leaders' Committee in October 2019, despite the pan-London pilot ending (i.e. under the underlying 67% scheme). The rationale being that:
- there would still be a modest financial benefit;
  - there would continue to be operational and administrative benefits; and
  - the key strategic benefits, which provided the original rationale for negotiating the pilot in 2018, would continue (pooling would continue to signal a small but important step towards London Government's long-term fiscal devolution ambitions, and potentially provide it with a more influential voice regarding the ongoing design of the final 75% scheme).
29. The forecast at the start of the current year was for a net financial benefit of around £36 million to be retained directly by the boroughs and the City (with the Mayor relinquishing the GLA's share of any benefit and the removal of the previously pooled Strategic Investment Pot). The latest in-year monitoring exercise, undertaken in August, suggests that, despite the impact of the pandemic, there will still be a net financial benefit from pooling in 2020-21, totalling approximately £30 million.
30. With regard to pooling in 2021-22, the operational and strategic rationale set out above still remains. Indeed, given the debate over alternative taxes and fiscal devolution within the fundamental review of business rates and potentially in light of the forthcoming Devolution White Paper, the strategic case is potentially even more important.
31. There are, however, a number of uncertainties for Leaders to consider with regard to the direct financial benefit and potential risks involved. These include, the ongoing negative impact of Covid-19 on business rates in the capital; the possibility that the Government may still implement a "reset" of baselines that had been indicated earlier in the year; and uncertainty regarding the continuation of the new reliefs and grant schemes that have supported businesses with their business rates bills in 2020-21.

32. At this stage, the Government has not confirmed whether it will continue with the planned reset of business rates baselines in 2021-22 – although it seems unlikely given the level of volatility this could cause and the current capacity of MHCLG to undertake the reset. Unless the Government confirms this in the CSR, it may not be known until the provisional settlement in December. With regard to whether the emergency reliefs and grant schemes will continue next year, as the autumn Budget has been cancelled and there was no mention in the Winter Economic Plan, this may not be known until the spring.
33. All that is currently known, is that despite the biggest economic slump on record, there is still a modest financial benefit to pooling in the current year. The principles of the pool ensure that no authority can be worse off than its “safety net” level i.e. 92.5% of Baseline Funding Level, and that, if there are enough resources in the pool to ensure no authority is worse off than they would have been individually, then this will be guaranteed. All boroughs are expected to be better off than they would have been had they not pooled in the current year, and there may be collective security from pooling risk in 2021-22 were the economic impact of Cobid-19 to worsen.
34. The 23<sup>rd</sup> October deadline is to give MHCLG enough time to prepare the provisional settlement in December. It is worth noting this is not the final deadline by which boroughs must decide whether to continue to pool. As with last year, each authority will have until 28 days after the provisional settlement (i.e. likely by mid-January) to decide formally whether it wishes to continue to pool, and each must agree that decision individually through local governance arrangements.
35. The Lead Authority is commissioning Local Government Futures, the pool sub-contractor, to undertake an assessment of the potential financial benefits and risks of pooling in 2021-22, which will be shared primarily with Section 151 officers, and could be further summarised and shared with Leaders in sufficient time to inform individual local decisions from December onwards.
36. GLA officials have indicated that the Mayor of London would continue to support the pan-London pool arrangement on the same basis as in 2021-22, subject to a formal decision. It is, therefore, recommended that Leaders agree to continue to

pool in 2021-22 in principle for the purposes of the initial MHCLG deadline, subject to a fuller assessment of financial risks and benefits from the Lead Authority, and any further clarity from government on the uncertainties set out above which may emerge between now and December in the CSR, provisional finance settlement or any other announcements.

## **Recommendations**

37. Leaders' Committee is asked to:

- note the latest government funding announcements and estimated financial impact of Covid-19 on London local government;
- note the lobbying activity with regard to the CSR and the Fundamental Review of Business Rates; and
- agree in principle to continue the pan-London business rates pool on the same basis as currently in 2021-22.

---

## **Financial Implications for London Councils**

None

## **Legal Implications for London Councils**

None

## **Equalities Implications for London Councils**

None

## Appendix A – All funding measures announced since the start of COVID-19

	Date	London Boroughs (£m)	England (£m)	London % share of England
Rough Sleeping Fund	16-Mar	1	3	26.6%
Hardship Fund	24-Mar	90	500	17.9%
Emergency funding (tranche 1)	27-Mar	254	1,600	15.9%
S.31 grants paid in advance	TBC	205	1,800	11.4%
Small Business Grants Fund (SBGF) and the Retail, Hospitality & Leisure Grants Fund (RHLGF)*	01-Apr	1,662	12,334	13.5%
Cashflow measures	16-Apr	871	3,333	26.1%
C-19 Business Rates reliefs	22-Apr	3,040	10,131	30.0%
Emergency funding (tranche 2)	28-Apr	245	1,594	15.4%
Infection control fund (tranche 1)	15-May	51	600	8.5%
Active Travel Fund**	23-May	25	222	11.3%
Reopening High Streets Safely	24-May	8	50	16.0%
Test and Trace	10-Jun	60	300	20.1%
Welfare support funding	11-Jun	10	63	16.1%
Emergency funding (tranche 3)	11-Jul	87	494	17.7%
Local Restrictions Support Grant	24-Sep	TBC	TBC	TBC
Next Steps Accommodation Programme	17-Sep	23	92	25.1%
Infection control fund (tranche 2)	17-Sep	46***	546	8.5%
Test and Trace Support Payment scheme	20-Sep	TBC	TBC	TBC
Sales, Fees & Charges scheme	Early Oct	TBC	TBC	TBC

\*A Local Authority Discretionary Fund was subsequently announced with a value of up to an additional 5% or £617m.

\*\*Boroughs share a joint fund with TfL

\*\*\*Estimate based on distribution of first ICF grant



# Comprehensive Spending Review 2020

## London Councils' Representation to Government

This Spending Review comes at a pivotal moment for the future of the country as it seeks to rebuild the economy and emerge stronger and more resilient from the global pandemic. It also comes at a time of huge financial risk for local government and its communities. Government is committed to “levelling up” inequalities of productivity, opportunity, wealth and income across the country: but those inequalities are as stark within regions as between them, between people as much as places. London Boroughs are determined to play their part in driving the social and economic recovery our country needs, but to do so they need both financial support and greater freedom to manoeuvre.

### Funding Local Government

Local government has been at the forefront of the response to Covid-19, demonstrating its vital role in the social and economic fabric of communities across the country; but the pandemic has put councils' immediate and long-term financial survival in doubt. While we welcome the emergency financial support so far provided, we now urge government to:

**Secure the immediate financial position** by fully compensating councils for the financial impact of the pandemic to date, including support for lost Council Tax and Business Rates. In London – even without a substantial second wave of the virus or local lockdowns, this will require an additional £1.4 billion; without certainty around this funding councils will have to make short term emergency spending cuts which will undermine longer-term recovery

### Create as much certainty as possible for the coming three years by:

- *urgently announcing 2021/22 funding, grants and council tax principles;*
- *ensuring councils are adequately resourced to fulfil their new and existing roles and in managing the on-going pandemic and associated social distancing in future years*
- *helping London Boroughs close their £2 billion budget gap through annual above-inflation increases that also take account of underlying demand pressures in key services, including Adult and Children's Social Care (£430 million), Public Health (£130 million), Homelessness (£200 million), High Needs education funding (£100-200 million) and supporting people with No Recourse to Public Funds (£50 million).*

**Ensure long term financial sustainability** by engaging local government in debate to resolve key issues including service devolution, social care, business rates reform and new funding sources. We should aim to build a new settlement to underpin the long-term funding of local government, including new sources of revenue and greater fiscal devolution.

### Driving economic recovery

The immediate focus for the government at the CSR must be to deliver the national economic recovery from the consequences of the pandemic. This cannot happen without a strong recovery in London which, before the crisis, contributed 28 per cent of UK GVA, and a fiscal surplus of £39 billion. We set out an investment case for a combination of direct funding, access to project finance and greater operational flexibility to enable London to play its part. This includes asking government to:

### Take immediate steps to shore up London's economy, including:

- *Support for business, workers and customers through a targeted extension of the schemes for rates reliefs and grants, job retention and customer confidence (“Eat Out to Help Out”).*
- *Allocating UKSPF and allowing devolved areas collectively to determine how best to spend it.*
- *Extending the ‘Reopening High Streets Safely Fund’ to enable enhanced public realm management for councils, police, security staff, marshalls and trading standards.*

### **Equip boroughs to drive the green recovery by:**

- Investing £350 million immediately to support the £950 million already committed by boroughs to 375 retrofitting projects in 2020/21 that will create more than 2,000 skilled green jobs,
- Build on this for the future through a £1 billion multi-year programme, a targeted PWLB rate and new financing mechanisms to retrofit all buildings – homes, commercial and industrial.
- Create a national £1.5 billion Clean Air Fund to enable cities to implement Clean Air Zones.

### **Boost housing delivery in London by allowing councils:**

- Local flexibility to increase rents by up to CPI + 1 per cent, or more where they can demonstrate a positive correlation between additional house building and housing benefit reductions.
- Complete flexibility over the use of Right to Buy receipts.

### **Support longer term job creation and productivity by:**

- Devolving skills and employment, as set out in the Skills for Londoners Call for Action.
- Devolving the Apprenticeship levy and setting up a London Apprenticeship Service.

### **Investing in London's strategic infrastructure and roads by:**

- Funding the National Infrastructure Assessment, which would go a long way to promoting an increase in public transport and getting London back to work.
- Devolving VED to help fund much-needed investment in London's highways.

### **Supporting social recovery**

There is no getting away from the scale of the challenge posed by the social impact of Covid-19. By 3 September, more than 40,000 people in London had contracted the disease and 8 of the 10 local authorities in England with the highest rates of excess deaths were in London. There is much government can do to support us to rebuild our communities and local services, including:

#### **Support for health & social care:**

- Urgently providing a long-term sustainable plan for the funding of social care.
- Immediate funding to alleviate both the additional Covid-19 costs and the underlying £130 million shortfall from demographic pressures.
- Restoring Public Health Grant to 2015/16 levels in real terms and targeting it where it is most needed – £130 million.
- Medium-term funding allocations in adult social care and public health that mirror the NHS.
- Further health and care devolution in London over the CSR period, building on the unprecedented collaborative working seen during the pandemic.

#### **Investing in children's services:**

- £300 million to meet the annual shortfall in children's social care.
- Increased rates of Home Office grant for UASC and former UASC Care Leavers.
- Sufficient High Needs funding for authorities with deficits to deliver realistic recovery plans.
- Further support for schools to stay open safely, and a commitment not to reduce funding where school rolls fall temporarily as a result of Covid-19.

#### **Tackling London's Homelessness crisis:**

- Immediate funding to cover in-year the funding gap of £30 million caused by Covid-19.
- Long-term funding settlements to help us end street homelessness.
- Enable us to provide sufficient homes at social rent levels to prevent homelessness.

#### **Supporting some of London's most vulnerable people:**

- Suspend the NRPF condition for at least 12 months to enable households with No Recourse to Public Funds to access a wider range of benefits during the pandemic.
- Direct funding for people with NRPF after the pandemic.

**This document is a summary. Further details and additional proposals are set out in our main submission**

## **Appendix C – NNDR review call for evidence – first submission**



**GREATER LONDON AUTHORITY**

### **HM Treasury - Business Rates Review: Call for Evidence**

#### **A joint response by London Councils and the Greater London Authority**

**18<sup>th</sup> September 2020**

#### **Introduction**

1. This is a joint response by “London Government” on behalf of London Councils (representing the 32 boroughs and the City of London) and the Greater London Authority (GLA). It has been agreed by the Leaders of London’s local authorities and the Mayor of London.
2. London Government has long held common ambitions regarding a greater role over the setting and retention of business rates and has worked closely together to put this case to government. In recent years we have repeatedly raised concerns regarding the sustainability of the tax, which is in desperate need of reform. The review is therefore very welcome.
3. However, it comes at a time of great economic uncertainty caused by the coronavirus pandemic, in which London businesses have been hit hard. While the grant support and temporary rate relief provided by Government so far has been very welcome, it is clear that substantial challenges will remain for the foreseeable future – particularly in the retail, hospitality and leisure sectors. Central London and its town centres – in common with the centre of cities across the country – face potentially far-reaching changes in business activity and property use, and it is too early to tell what the long-term impact will be on the commercial property market.
4. It is highly likely that some elements of the current support packages will need to continue into 2021-22, and we urge the Government to confirm its plans for business rates support for businesses beyond March as soon as possible.
5. Our response to the review, therefore, represents the fundamental reforms we think are required for business rates to be implemented once we are emerging from the pandemic; such reform could help to stabilise the economy and support future growth.

6. The review sits alongside the Comprehensive Spending Review, due in the autumn, that will set the overall level and priorities for public spending for the next three years. It also comes at an important crossroads for local government finance, with fundamental decisions to be taken soon regarding the overall quantum of funding (CSR), adult social care reform, and further reforms to the business rates retention scheme and Fair Funding Review, which have been pushed back a year due to the virus. We strongly urge the government to take a joined-up approach and view these events in the round rather than considering them in isolation.
7. These decisions, alongside a view about the future role of local government as captured in the forthcoming Devolution and Recovery White Paper, point to the need for a new settlement to underpin the funding of local government going forward, including the potential for new sources of revenue and greater fiscal devolution.
8. Business rates currently fund over 40% of local government spending. Any reforms that reduce the overall tax will reduce funding for local public services unless equivalent alternative revenue sources are identified. We therefore welcome the recognition that the “impact on the local government funding system will be an important consideration in reviewing the tax”, but are concerned that this issue is not addressed in the call for evidence.
9. More broadly, any reforms that reduce the tax yield raises questions about the potential for new taxes to replace or supplement business rates and, importantly, who controls them, including whether they can be easily collected and allocated on a local or geographical basis. It is clear that business rates cannot, in their current form, bear the strain required of them, and that a broader range of taxes is required to reflect the modern economy.
10. However, if those alternative taxes are introduced in a blanket manner across the country, they will once again fail to reflect the needs and aspirations of local communities and hamper those communities’ efforts to rebuild their local economies. We believe local government should play a central role in designing and controlling such alternatives and will set out fuller views on this and the broader themes of the review in our second submission for the 31<sup>st</sup> October deadline.
11. This response firstly sets out London Government’s general comments on the review, and overarching views regarding the reform of reliefs and the multiplier, before answering the detailed questions in the call for evidence.

## General comments

12. London Government welcomes the opportunity to respond to this call for evidence and to participate more widely in the fundamental review of business rates. Prior to the pandemic, London was due to generate over £10 billion gross in business rates before reliefs - a third of the national yield. London's economic recovery following the pandemic will be vital to that of the country overall. Any reformed system must, therefore, take into account the views of Londoners, London's rate payers, and its democratically elected politicians.
13. London Government has a strong history of working together in the pursuit of greater devolution of business rates. Both London Finance Commission (LFC) reports (2013 and 2017), supported by London Councils and the GLA, presented clear arguments for full control and retention of the proceeds of business rates. Of particular relevance, the latter called for:
- devolution of the full suite of property taxes including business rates;
  - devolution of the operation and setting of business rates, including setting the multiplier; and
  - London Government to be granted full control of business rates reliefs, including the flexibility to introduce a more effective small business relief scheme to reflect London's higher rental values.
14. Our joint response to the Government's proposals for 100% retention in 2016 represents the most detailed and worked out proposals to date<sup>2</sup>. It called for the decoupling of London's business rates from the rest of the country's and for London Government to have full control over both the setting and distribution of the proceeds of the tax, and a separate London regional arm of the Valuation Office accountable to London Government similar to the arrangements introduced in Wales in 2015.
15. While the extent of the Government's reforms was less ambitious than this, London Government has demonstrated, through the London business rates pool, continued appetite for further devolution. We have shown that we can work collaboratively and are willing to take on more responsibilities and resources to deliver stronger outcomes for Londoners. The business rates pilot pools in 2018-19 and 2019-20 delivered over £250 million of direct strategic investment – and leveraged a further £700 million that would not have happened otherwise – in

---

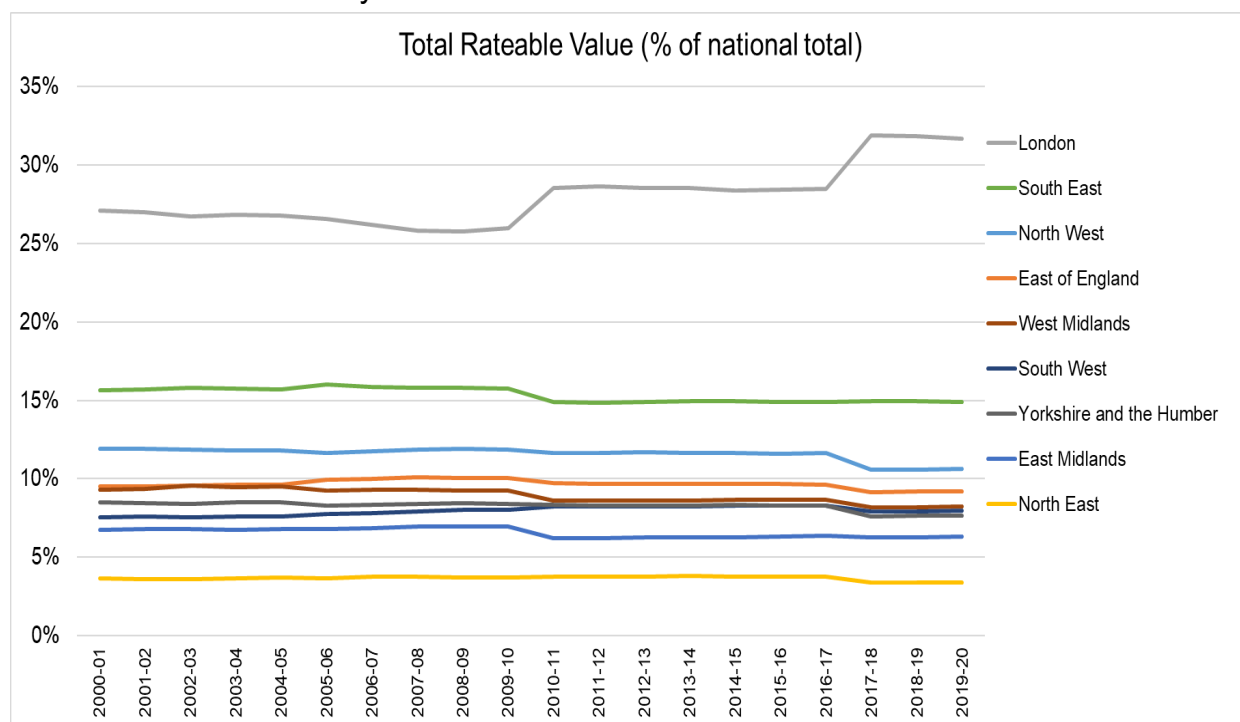
<sup>2</sup> In particular see our joint response to the 2016 consultation on 100% retention:  
<https://www.local.gov.uk/sites/default/files/documents/london-councils-and-gla-j-fde.pdf>

housing, regeneration, skills, transport and digital infrastructure across the capital. The fact that London continued to pool in 2020-21 despite a large part of the financial incentive being removed, again shows commitment to collaboration for the benefit of Londoners.

16. The pilots and the current pool are, in our view, a small but important stepping stone towards greater business rates retention and further fiscal devolution of the level set out in the LFC reports, and we remain committed to the long-term goal of full local control over the setting and distribution of business rates in the capital.
17. However, the tax remains flawed and is in desperate need of reform. It has three major pitfalls. Firstly, it is overly complex for ratepayers and local authorities with a multitude of reliefs and exemptions and qualifying thresholds which can vary from year to year. Secondly, it has been eroded across much of England in recent years, such that it is overly concentrated on particular sectors and geographies. Finally, as it is centrally controlled, it is not responsive enough to local economic conditions or the needs of local businesses and communities that local authorities serve.
18. **Complexity** – the tax has been repeatedly altered at fiscal events in recent years as successive Chancellors have added more complexity by creating further reliefs for different sectors. Many of which have often been temporary (such as retail, new build empty relief and retail reoccupation retail which applied in 2014-15 and 2015-16 only or pub relief in 2017-18 and 2018-19 with more comprehensive schemes to support those sectors introduced in 2019-20 prior to the current pandemic). Whilst the Government has set out the justification and purpose of these reliefs, the constant change has made it difficult for ratepayers to understand which reliefs they are eligible for or not and undermines the transparency of the tax. Some high street service businesses have been excluded from eligibility for retail relief and grants this year (e.g. those providing medical or health services or car repairs), whereas other service businesses have qualified even though they have not been adversely affected. Similarly, many supply-side firms and small businesses occupying offices in London above the small business rate relief threshold have received no rates relief or grants at all: the £51,000 rateable value threshold excludes 24% of businesses in London, compared to only 9% elsewhere.
19. The series of additional reliefs has also added further complexity for local authorities in administering the tax and in understanding how these reliefs impact local government funding through the rates retention system. It also weakens the relationship between local economic success and retained revenues – thereby

undermining both accountability and incentives without significantly increasing equality of outcome.

20. **Distortion** – the tax has become more concentrated on particular sectors and geographies over the last 20 years. The national multiplier is set to ensure that, at each revaluation, the total yield does not exceed a Treasury-determined level. In practice this means that London (particularly central London) – where property prices have been rising faster than the rest of the country – bears an increasing share of the overall burden. Following the 2017 revaluation, London now accounts for around a third of the total rates yield in England (see chart below). Indeed in 2019-20 one London billing authority - Westminster City Council - alone collected £200 million more in business rates than Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield City Councils combined. One Oxford Street department store paid more business rates than was collected in 2019-20 by around twenty district councils. This is inherently unstable. It also reduces the incentives for local authorities outside London – whose tax bases are thereby suppressed - to deliver additional growth in the way envisaged by the business rate retention system.



21. At the same time, growth in online sales has meant that tax increases have been felt harder by retailers with a physical presence (particularly on the high street) who have struggled in recent years. This longer-term impact on retail shopping habits and commercial office use, particularly in the centre of cities, further highlights the fragility of the tax.

22. **Centralisation** - A single national multiplier covers a huge variety of local economies – in England. Northern Ireland, by contrast, has a regional rate supplemented by locally set rates in each of 11 districts, each with a population comparable to that of a London Borough and much lower business rates tax bases. England's centralised approach is inflexible and results in central government attempting to support particular sectors by using the blunt instruments of nationally set thresholds which fail to take into account variations in rental values and local economies. These include the national multiplier, the system of centrally prescribed mandatory reliefs, and many of the Government funded discretionary relief and grant schemes with rateable value qualifying thresholds ranging from £15,000 to £51,000 to £100,000 depending on the scheme.
23. These issues were apparent before COVID-19, but the pandemic has exacerbated them. The short-term measures to support businesses – the guarantee of £10 billion of business rates bills through emergency reliefs and shoring up businesses with a further £12 billion through various grant schemes – means the Government is now guaranteeing more than one third of the rates income (rising to nearly two thirds in some London boroughs) and the future of the tax beyond this year is uncertain. We urge the Government to confirm as soon as possible how it intends to support business rates for businesses still affected by the pandemic after the current financial year. This will not only provide certainty for businesses but for local authority financial planning.
24. Given these issues, we welcome the stated aims of the review to improve the current business rates system to make it more sustainable; and to consider more fundamental changes in the medium-to-long term.
25. In essence, London Government believes the tax must be made simpler and more responsive to local circumstances. A new single business rate system applied to all local economies risks repeating and reinforcing the problems of the current system: reformed business rates in London should reflect the particular circumstances of the capital's economy and commercial property market. A greater local role in the operation of business rates is needed now more than ever if authorities are to have the necessary tools and levers to drive the local economic and social recovery in their areas. In particular, the government should start by reforming the system of reliefs and the national multiplier.

### Reliefs

26. London Government has long called for greater local control over reliefs to enable local authorities to better address the needs of their local economies and



communities. Even prior to COVID-19 mandatory reliefs awarded in London amounted to around £1.1 billion in 2020-21<sup>3</sup>. Four mandatory reliefs account for 95% of all reliefs in 2020-21: the Small Business Rates relief, Empty Property relief, Charitable relief and the retail relief. The parameters around these reliefs are currently set by central government. London Government believes these could be used more constructively to improve local economies - and support local economic recovery - if devolved to London Government.

27. We believe London Government should have the collective ability to set the qualification criteria and thresholds of the existing mandatory reliefs currently set by central government (and the discretionary elements of those schemes), as well as determining new relief schemes periodically when deemed necessary.
28. Locally determined reliefs and discounts would encourage greater dialogue and engagement between London Government and businesses and empower local authorities to respond to the specific needs of their local economies, for example supporting the regeneration of high streets and town centres by incentivising cafes, arts and culture spaces, workspace or civic uses. Collective control over reliefs would also facilitate more strategic planning to meet other statutory duties; for example, by tailoring reliefs to incentivise the provision of healthy food retailers (rather than fast food outlets) they could help promote better public health outcomes.
29. These reforms could create a far stronger platform on which to increase incentives to support economic growth, promote broader policy objectives and link councils more closely to their business communities.
30. Prior to COVID-19, the largest of these reliefs in scale was **charitable relief** (£2 billion nationally in 2020-21). We believe there should ultimately be full local discretion over the mandatory percentage discount (currently 80%) or, failing that, the ability to vary the threshold within certain centrally prescribed parameters (e.g. between 50% and 80%). The current relief is applied to all properties occupied by charities – whether head office or high street retail - and are applied inflexibly across the country. Arguably this both subsidises charity shops - which may be desirable in its own right, but may also contradict and inhibit local economic development plans - and incentivizes avoidance tactics whereby landlords let large empty buildings coming to the end of their relief period to charities. In London, the particular prevalence of charities in some high streets may be keeping rents artificially high.

---

<sup>3</sup> Including retail discount relief.

31. Similarly, **empty property relief** (accounting for almost £900 million in 2020-21), has centrally fixed parameters (regarding the length of time they are vacant and are applied to most sectors equally (with longer time period for industrial property). Were these parameters under local control, authorities could make much more targeted and responsive local actions to address vacancies in high streets, business and industrial parks and other areas. We believe this would also help to reduce rates avoidance.
32. With regard to **small business rates relief**, we believe the current national one size fits all approach works particularly badly in London, where many businesses that, by any other measure (the number of people they employ, their turnover or profitability) would be defined as small, do not qualify for 100% relief due to their RV being higher than the £12,000 threshold with tapered relief offered up to £15,000. London has over 1 million SME businesses, many of which will need to be in high rental value properties due to the nature of their business, access to clients and access to talent, and will sit above the threshold.
33. A 2019 survey by the Federation of Small Businesses of their London members showed 72% of their members did not qualify for rate relief; and 74% of their members cited Business Rates as a major issue, with 23% saying that the impact could mean them shutting their business, and only 15% saying it will have no impact.
34. The qualifying threshold to receive a 100% exemption from business rates under the small business rates relief scheme is only £12,000 in England – compared to £15,000 in Scotland under the Scottish government's equivalent small business bonus scheme. The taper for partial relief is also £3,000 higher north of the border and ratepayers retain eligibility if the combined rateable value of their properties is up to £35,000 compared to only £20,000 in England. As a result, fewer than 4 per cent of businesses in Westminster, for example, based on their original 2020-21 estimates submitted in January 2020, qualify for small business rate relief.
35. Finally, the targeted **retail relief** introduced in recent years, prior to the COVID-19 retail relief, is reflective of the broader issues around increasing online sales and the decline of the high street. Again, it has a national RV threshold of £51,000, which may not make sense for retail businesses in London, which are small by all other definitions, but would not qualify for this relief.

### The multiplier

36. Given the urgent need for a sustainable system, and the extraordinary circumstances surrounding the current economic climate, London Government reiterates its previous call for local control over the business rates multiplier within a reformed tax system to enable greater local accountability over and responsibility for local economies. We believe that towns, cities and local councils that are more responsible for their own destiny and more accountable for their own success, would design better taxes and provide better services.
37. London Government would wish to explore options for locally determined multipliers, with the Mayor of London being granted the ability to set a proportion of the rate on a London wide basis, and boroughs setting the rest of the multiplier, with those respective proportions to be determined by London Government. As suggested by the LFC, the rate of any increase could potentially be pegged to that of Council Tax increases.
38. There is precedent from the devolved administrations for this, with the multiplier and valuation arrangements being devolved to the Welsh Assembly in Wales in 2015, and a two-tier multiplier implemented between Northern Irish districts and the Northern Ireland Assembly, which has been in place for a number of years. Both of these options are worth exploration in English regions. Scotland has also essentially operated its own separate devolved arrangements, supplemented by the Scottish Assessor valuation model for business rates, since 1854. Many of the recommendations of the independent Barclay review of business rates, relating to reliefs, tax setting, exemptions and tackling avoidance which concluded in 2017 and were subsequently implemented relatively swiftly by the Scottish government, have equal applicability to England. If such arrangements can work in the devolved administrations, resulting in a more dynamic tax which can respond more speedily to emerging developments, there is surely no logical reason why they cannot be made to work in London and in the other regions and cities of England.
39. In the short term, as a way of piloting or transitioning to this more ambitious scheme, London Government would at least wish to have the ability to vary the change to the national multipliers set annually by central government.

## **Detailed response to consultation questions**

### **Reliefs**

#### **Q1 - How well do current reliefs and exemptions deliver their intended outcomes and satisfy the principles of good tax design? What changes would you suggest to the system?**

40. London Government does not believe the current reliefs and exemptions deliver their intended outcomes and satisfy the principles of good tax design. As outlined in paragraph 15, the growing number of centrally determined reliefs has created a complex system of compensation arrangements through a series of section 31 grants, each with their own individual methodology. This creates uncertainty in medium- and long-term financial planning, for both businesses and local government, and undermines the transparency of the tax. Simplification should be a priority as part of this review.
41. The current suite of centrally prescribed reliefs is a blunt instrument to effect policy outcomes. As set out above (paragraphs 26-35), London Government believes the system of reliefs should be substantially reformed to enable local authorities to respond better to their local economies. We believe local areas should have the ability to set the qualification criteria and thresholds of the existing mandatory reliefs currently set by central government, as well as determining new mandatory relief schemes periodically where there is local support to do so.

#### **Q2 - How can reliefs be targeted more effectively? How can reliefs and their administration be simplified?**

42. As set out above (paragraphs 27-29), London Government believes greater local control of reliefs (at the regional and local level) would enable reliefs to be targeted more effectively. A one size fits all approach with nationally set qualifying rateable value thresholds which take little or no account of local economies or rental levels is simply no longer viable. Locally determined reliefs and discounts would encourage greater dialogue and engagement between London Government and businesses and empower local authorities to respond to the specific needs of their local economies, for example supporting the regeneration of high streets and town centres by incentivising cafes, arts and culture spaces, workspace or civic uses. Collective control over reliefs would also facilitate more strategic planning to meet other statutory duties for example, by tailoring reliefs to incentivise the provision of healthy food retailers (rather than fast food outlets) they could help promote better public health outcomes.

43. These reforms could create a far stronger platform on which to increase incentives to support economic growth, promote broader policy objectives and link councils more closely to their business communities.

44. With regard to simplifying administration, COVID-19 Small business grants scheme has exposed how limited the available information is regarding the businesses paying business rates. Any reforms should look at how this can be improved, for example through online registration systems, or potentially via information sharing with HMRC, and or Companies House.

**Q3 - What evidence is there on the capitalisation of business rates and business rates reliefs into rents over time? What does any evidence mean for the design of rates reliefs and business rates more broadly?**

45. We are aware of a study by Regeneris<sup>4</sup> commissioned by British Property Federation (BPF), British Council of Shopping Centers (BCSC) and British Council for Offices (BCO) in 2015, which looked at the impact in urban centres. It suggested changes in rates paid are reflected in corresponding adjustments in rental values (at least up to 2008), but that this relationship is stronger in regional markets than in London.

**Q4 - What role should local authorities have in determining business rates reliefs and exemptions? Should reliefs and exemptions be set by central government or set locally?**

46. As set out above (paragraphs 26-35), London Government believes local areas should have the ability to set the qualification criteria and thresholds of the existing mandatory reliefs currently set by central government, as well as determining new mandatory relief schemes periodically where there is local support to do so.

47. In London, we would envisage that where individual boroughs or the Mayor wished to offer additional discounts over and above a collective scheme agreement, this could be achieved through adjustments to their retained rates. We therefore believe the power to offer business rates discounts directly should be extended to the Mayor of London, where these were more generous than those being offered by billing authorities, although these would be paid for from the GLA share of retained rates.

---

<sup>4</sup> <https://www.regeneris.co.uk/business-rates-who-pays/>

48. We also believe that the ability to determine which properties are exempt should be devolved to London Government. We are aware that the IFS advocates re-examining the justification for existing reliefs, such as those for vacant land, agricultural property and low-value properties, and would wish to explore further the rationale for the current exempt properties if business rates were devolved further.

**Q5 - Are you aware of ratepayers misusing tax reliefs or other means to avoid paying their full business rates liability? What could be done to tackle this?**

49. The main avoidance concerns regularly raised by London boroughs include:

- **gaming/abuse of empty property relief** - whereby a property is occupied for 6 weeks, then left empty for 3 months before a “sham” occupation (a few boxes, or a Wi-Fi box/Bluetooth broadcaster); or where a company transfers part of business to another to obtain small business rate relief.
- **gaming/abuse of charitable relief** - by bogus charities, or where a charity applies for mandatory relief but the property is later found to be unoccupied.
- **Basic fraud/avoidance** – by “Phoenix” companies that cease to trade, then reopen under a new name; or whereby properties that have continuous changes in the liable party and no rates are paid
- **Other Gaming** – for example, the use of building as Wi-Fi / Bluetooth broadcasting to obtain lower RV; vacant properties being let to companies who immediately become insolvent thereby passing debt to receivers; informing council/VOA of dividing building into different parts – used for different purposes; and de-activated communication stations.

**The business rates multiplier**

**Q6 - What are your views on how the business rates multiplier is set annually and at revaluations?**

50. London Government has repeatedly raised concerns about the fixed yield valuation system which is making the tax ever more concentrated on – and sensitive to – the central London property market. The continuation of this principle will mean London accounting for ever more of the national business rates tax take (we estimate that, if current trends continue, it could be 40% by 2050). The impact of this is that a larger proportion of funding for the rest of the sector is being generated by London’s tariff – i.e. its surplus in business rates. This makes other parts of the country more reliant on top-up grant, undermines the growth

incentive and, in a system that is supposed to incentivise councils to promote growth, makes no economic sense.

51. We believe the solution is to end the fixed yield system and allow true local devolution of the tax enabling London government to be accountable for London's business rates by decoupling its tax base from that of the rest of the country, as part of the devolution of a wider suite of taxes and revenue raising powers that would make London government more accountable to local taxpayers and – we believe - more effective.
52. In the absence of local devolution of control over the multiplier, and in the absence of a business rates retention scheme that removes the risks of business rates appeals, we believe the way the multiplier is set needs to better build in the costs incurred through appeals.
53. We also find that the multiplier rate set each year is confirmed very late in the year, which delays budget setting for the following year and impacts on our business planning. At a time of great uncertainty, being able to plan further ahead is strongly recommended.

**Q7 - How could the multiplier be set in future to ensure the sustainability of public finances and support growth and productivity? What would the impact of any proposed changes be on the level of the multiplier and revenue from business rates over time**

54. As set out in paragraphs 36-39, London Government would wish to explore options for locally determined multipliers, with the Mayor of London being granted the ability to set a proportion of the rate on a London wide basis, and boroughs setting the rest of the multiplier. These two shares of the overall multiplier would be determined by the funding and retention split between the GLA and the boroughs. As suggested by the LFC, the rate of any increase could potentially be pegged to that of Council Tax increases.
55. There is precedent from the devolved administrations for this, with the multiplier and valuation arrangements being devolved to the Welsh Assembly in Wales in 2015, and a two-tier multiplier implemented between Northern Irish districts and the Northern Ireland Assembly, which has been in place for a number of years. Both of these options are worth exploration in English regions. Scotland has also essentially operated its own separate devolved arrangements, supplemented by the Scottish Assessor valuation model for business rates, since 1854. If such arrangements can work in the devolved administrations, there is surely no logical

reason why they cannot be made to work in London and in the other regions and cities of England allowing the tax to be re-engineered in ways that are more suited to and responsive to England's different local economies. It was of course a broadly locally set tax in England from 1603 to 1989.

56. In the short term, as a way of piloting or transitioning to this more ambitious scheme, London Government would at least wish to have the ability to vary the change to the national multipliers set annually by central government.

**Q8 - How should the multiplier and any supplements relate to business rates reliefs? Should these be discrete, or should supplements fund specific reliefs?**

57. We believe, within a devolved London system, there could be greater level of consistency over thresholds applied to business rate supplements and business rates reliefs. The definition of a small business, for example for the purposes of the Small business rates multiplier (£51,000), is different to the definition for SBRR (£12-15,000) and is different to the threshold for the London Crossrail Business Rates Supplement, which is £70,000. The 2017 revaluation transitional relief scheme also used three different thresholds for small (up to £20,000 RV or £28,000 in London), medium (£28,000 to £99,999) and large properties (over £100,000) which determined the speed at which ratepayers moved towards their underlying new liability. Local discretion over the setting of the multiplier, relief and supplements in London, linked to a set of rateable value thresholds reflecting London's higher rental levels, could create more consistency in this respect.

**Q9 - What are your views on introducing additional multipliers that vary by geography, property value, or property type?**

58. Rather than additional multipliers, London Government calls for the transfer of the current multipliers to local government along with the ability to vary them. This would enable better adaptation to local business floorspace, variable by sector and type of organisation, to ensure local need is met and the diversity of the local economy is upheld. Lessons could also be learned from how business rates are operated and set across the devolved administrations including for example the Northern Ireland model where there is a province wide multiplier combined with a variable component at individual local authority level.



# Leaders' Committee

## The Planning White Paper

Item no: 7

**Report by:** Eloise Shepherd      **Job title:** Strategic Lead - Housing and Planning

**Date:** 13 October 2020

**Contact Officer:** Eloise Shepherd

**Telephone:** 020 7934 9813      **Email:** [Eloise.shepherd@londoncouncils.gov.uk](mailto:Eloise.shepherd@londoncouncils.gov.uk)

---

**Summary**      The report details the draft London Councils response the Planning White Paper consultation, which outlines some significant proposed changes to the Planning system, and the role of Local Authorities as key decision makers on local development.

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

- a. Give comments and feedback on key lines and the draft response itself (appended)

# The Planning White Paper

## Introduction

The White Paper proposes radical reforms to town planning in England with the stated aim to

- (i) streamline and modernise the system,
- (ii) improve design and sustainability standards,
- (iii) reform developer contributions and
- (iv) increase land availability.

While there is support for these overall aims, the proposals themselves that sit underneath represent a significant centralisation of control, with greater focus on national direction for example in terms of development policies, housing targets and Infrastructure Levy (IL) rates, and a paring back of local planning authorities to a high-level role designating land uses and developing design codes. Much of the detail is still to come, and we anticipate further opportunities to provide feedback on said detail in addition to this initial, high level consultation.

London Councils has worked to compile our draft consultation response which, given the strategic importance of the topic is now being presented in full to Leaders' Committee. In the drafting, officers liaised with the Royal Town Planning Institute, the Planning Officers' Society, the Association of London Borough Planning Officers, the Housing and Growth Lead from CELC, the West London Alliance and the Highbury Group, which included individual borough feedback at a variety of forums, including in addition to the above, the Low Carbon Development working group hosted by London Councils.

The below outlines are the main concerns expressed in the response, we also contend that some elements could be introduced positively and potentially sooner – for example around digitisation.

### **1. The White Paper proposals would increase national control over local planning issues**

The White Paper proposals focus on national direction via for example, prescribed development policies and Infrastructure Levy rates, as well as a diminution in the role of local planning authorities. We have serious concerns as to what this would mean in practice for the standard of development brought

forward and what limitations would exist on such developments. While councils would be required to develop design codes, it is not clear what mechanisms would be in place to ensure compliance prior to development, particularly in designated 'growth' areas. We are concerned that imposing a centralised policy that removes local tailoring and local checks and balances could lead to inappropriate development. We are also concerned that the proposed nationally prescribed 'growth', 'renewal' and 'protection' areas may be less relevant in a dense, complex urban environment like London, where there is potential for adjoining streets, or even individual buildings, to be allocated to different zones.

**2. Local democratic accountability and resident engagement could be undermined by the proposed changes.**

The White Paper has the potential to downgrade the role of local councillors and reduce resident consultation in respect of applications for individual sites. We are concerned that many residents will find it difficult to engage in the development of Local Plans and design codes, as envisaged by the White Paper, but will feel disenfranchised in respect of being able to influence individual planning applications.

**3. Cutting the requirement for planning permission in 'growth' and 'renewal' areas would represent an expanded planning free-for-all, even when compared to the recent extension of Permitted Development Rights.**

The proposal to move to zoning arrangements, with more availability of automatic planning approvals in 'growth' and 'renewal' areas and fewer opportunities for local oversight, makes it much harder for councils to manage development in their areas, for example making sure the right sort of homes are built to the right standard in the right places. This could exacerbate some of the problems that councils have experienced with the extension of Permitted Development Rights and the proliferation of lower quality development in unsuitable locations and posing additional challenges for future residents and local communities

**4. The impact of the proposed mechanism for distributing a nationally set housing target between authorities in reflecting local needs.**

We are concerned about the White Paper proposals for allocating housing targets. The White Paper proposals envisage a national process for allocating targets to boroughs taking into account a range of prescribed factors, rather than being generated locally to reflect and help meet local needs. Given this reliance on a national prescribed policy, more detail is needed on how local circumstances would be reflected in development. In particular, detailed policies on affordable housing targets, tenure splits and dwelling mixes would need to be established.

**5. The abolition of section 106 and CIL risks a reduction in affordable housing delivery and housing standards.**

There are concerns over proposals in the White Paper to remove Section 106 agreements and the Community Infrastructure Levy. Councils already have limited mechanisms for ensuring affordable housing targets are met and these measures could put boroughs in an even weaker position, thereby exacerbating the housing crisis in London. Whilst reforms which provide greater certainty in the development process may potentially be helpful, any changes to S106 need clear, robust mechanisms in place which guarantee that at least the same amount of affordable housing can be secured. The White Paper Infrastructure Levy (IL) proposals as set out currently do not give confidence that such a test can be passed. We are also concerned about the wide range of activity that the new IL could be expected to fund, as well as the potential crowding out of projects if the new arrangement cannot deliver the necessary funding. Some of the IL items may be better funded centrally, with developer contributions focused on affordable housing and ensuring low carbon development. There is also a risk of moving payment of the new Infrastructure Levy to the occupation stage when councils have borrowed against it, with levy payments potentially not forthcoming should viability reduce below a threshold. This arrangement effectively transfers risk from developers to financially hard-pressed councils.

**6. The role of the planning system in housing delivery**

There is significant challenge to the implication in the White Paper that the planning system is the principal barrier to development. The 2018/19 pipeline of

permitted homes in London is 305,289, the highest ever recorded. If all these permitted homes were actually built, they would deliver over half of London's new 10 year housing target. According to figures from the Home Builders Federation, 69,300 new homes were granted planning permission in London in the year to September 2019, which is higher than the annual target of 52,000 homes in the 'Intend to Publish' version of the London Plan. The Letwin Review, explained the challenges of delivery after planning permission is granted and outlined recommendations for diversifying the housing sector and completing more homes. The White Paper's contention that reducing local planning powers would lead to a substantial increase in housebuilding is not supported by current evidence. The proposed consultation response therefore encourages the government to revisit the Letwin Review, re-analyse the reasons for insufficient housing delivery and reflect on whether the scale and nature of the White Paper reforms are warranted.

**The impact of the White Paper proposals on other issues, for example environmental concerns.**

Whilst London Councils strongly supports increased housing delivery, particularly affordable housing, we are concerned that the narrower focus of Local Plans as envisaged by the White Paper may crowd out other issues important to boroughs and relevant to the wider role the planning system plays in balancing competing demands in places. This includes a wide range of social, economic and environmental issues, including in particular policies to fulfil local climate change targets. London boroughs have been at the forefront of declaring climate emergencies and putting in place planning policies to deliver low carbon development. There is a concern that the proposals, insofar as they limit councils' ability to influence individual development proposals, will affect the degree to which they low carbon targets can be met and may constrain those boroughs that wish to set more ambitious goals locally in this regard.

**7. Increased costs and new burdens on councils flowing from the White Paper.**

The proposals do imply some significant new burdens on councils, such as the need to develop new Local Plans and design codes, potentially masterplans for larger sites and new lists of heritage assets. A key question to probe going forward will be what level of new burdens funding may be available to councils to

support this work. The government envisages that councils will have time freed to focus more on the enforcement of planning and building regulations (in addition to an undefined proposal to establish a new centre of expertise for design within Homes England), however these are not necessarily comparable disciplines. This is particularly in relation to building regulations, where there are painfully few qualified officers and significant capacity pressures.

#### **8. The risk to investment and development at a critical time**

The government's ambition is for reform to be introduced by the end of this Parliament, in December 2024. It is proposed that councils would have 30-months to adopt their new Local Plans reflecting the planned legislation (unless their existing Plan was adopted within the past three-years, in which case a 42-month timeframe is proposed). This is seen as ambitious by the sector, particularly given the need to develop new nationally defined policies through a revised NPPF. We are concerned that there is insufficient recognition of the role of planning in providing a stable platform for investment by developers, and landowners and that the uncertainty that such proposals introduce, particularly in a period of wider challenge to the economy, could have an adverse impact on the trajectory of development before 2024.

The draft consultation response is set out at appendix A.

#### **Financial implications for London Councils**

There are not immediate financial implications for London Councils as a result of this report.

#### **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 (our thoughts on the implications of the proposals are included in the appended response)

Appendix A: London Councils Draft Consultation Response

## ► MHCLG consultation on White Paper: Planning for the Future

### ► London Councils Consultation Response

#### Introduction

London Councils represents London's 32 borough councils and the City of London Corporation. It is a cross party organisation that works on behalf of all its member authorities regardless of political persuasion. We welcome the opportunity to respond to MHCLG's consultation on the White Paper: 'Planning for the Future' published on 6 August 2020.

The White Paper proposes radical reforms to town planning in England (replacing the existing system introduced in 1947). The replacement planning system proposed in the White Paper involves greater centralisation at a national level and reduces the role of councils. The reforms seek to streamline the planning system, mainly to attempt to increase housing delivery via new nationally defined targets. The proposed changes are transformative, moving away from councils determining individual planning applications to a 'zoning' style system where planning approvals are automatic in 'growth' and 'renewal' areas, provided development complies with standards set within prescribed, more restricted Local Plans and associated design codes. While we support the overarching principles, the proposed changes raise important concerns and pose a number of risks.

As the proposals centralize control nationally with a predominantly one size fits all approach, they would undermine the role of councils in managing development in their areas. The changes would also reduce limit resident engagement, particularly in the consideration of individual development proposals. The three prescribed 'growth', 'renewal' and 'protected' zones would be very difficult to apply in a complex urban setting like London, where there is potential for adjoining streets or even buildings to be differently zoned.

We are concerned that the proposed mechanism for distributing a nationally set housing target between authorities would be prescriptive and not reflect local needs. Also, replacing the current arrangements for achieving affordable housing (through section 106 and CIL) with a new Infrastructure Levy risks reduced affordable housing delivery, exacerbating the homelessness crisis in London. The proposed Infrastructure Levy raises other concerns, including the national setting of levy rates and increased financial risk for councils.

The White Paper attributes the lack of housing delivery to the planning system. We consider that the obstacle to housing delivery is not the planning system, but failure to build out unimplemented planning permissions and lack of government funding for affordable housing. We are also concerned that the proposals would narrow the focus of Local Plans to housing, crowding out other important issues, such as the delivery of low carbon development to meet national and borough level climate change targets.

The proposed changes would involve the development of new prescribed Local Plans and detailed design codes to support the new zoning arrangements, which would require substantial new burdens funding.

There are a number of positive proposals in the White Paper which London Councils would support or warrant further exploration including:

- Simplification of s106 and CIL and the removal or downgrading of viability appraisals in the planning process
- Some of digital reforms which offer improved access to the planning process for residents, provided existing methods of resident involvement are retained for those without digital access.

However, these changes could be easily introduced without the wholesale reform of the planning system.

The White Paper also omits changes which would improve the current system, notably providing councils with powers to ensure unimplemented permissions are built out. London's planning system is not the barrier to development portrayed in the White Paper. In fact, the 2018/19 pipeline of permitted homes in London is 305,289, the highest ever recorded. If all these permitted homes were actually built, they would deliver over half of London's new 10 year housing target. According to figures from the Home Builders Federation, 69,300 new homes were granted planning permission in London in the year to September 2019, which is higher than the annual target of 52,000 homes in the 'Intend to Publish' version of the London Plan. It is widely recognised that a lack of planning permissions is not the brake on housing delivery. Indeed, the Letwin Review, commissioned under a previous Chancellor, explained the challenges of delivery after planning permission is granted and outlined recommendations for diversifying the housing sector and completing more homes. The White Paper's contention that reducing local planning powers would lead to a substantial increase in housebuilding is not supported by evidence. We would therefore encourage the government to revisit the Letwin Review, re-analyse the reasons for insufficient housing delivery and reflect on whether the scale and nature of the White Paper reforms are warranted.

We are concerned that there is insufficient recognition of the role of planning in providing a stable platform for investment by developers, and landowners and that the uncertainty that such proposals introduce, particularly in a period of wider challenge to the economy, could have an adverse impact on the trajectory of development before 2024.

The White Paper leaves a significant amount of detail still to be determined. We look forward to responding therefore to future consultation on key details. This includes policies such as the Infrastructure Levy rate and arrangements; the creation of housing targets and the implications for failing to meet these locally; a replacement for the Duty to Cooperate; environmental improvement mechanisms; a replacement for building sustainability appraisals; the creation of a new expert body to 'monitor and challenge' design standards; and proposals to increase build out rates. What role the Mayor of London will have within the new system is also an outstanding question, as well as the scale at which plan making will occur in London and the wider South East to meet local needs.

The White Paper omits changes which would improve the existing system. This includes providing councils with powers which can require developers to build out the planning permissions they have been granted. Such powers would provide an early, substantial boost to housebuilding.

We are aware that our concerns about these far-reaching proposals are shared across wider local government and among many housing and planning experts.



## Key messages

### 1. **The White Paper proposals would increase national control over local planning issues**

The White Paper proposals focus on national direction via for example, prescribed development policies and Infrastructure Levy rates, as well as a diminution in the role of local planning authorities. We have serious concerns as to what this would mean in practice for the standard of development brought forward and what limitations would exist on such developments. While councils would be required to develop design codes, it is not clear what mechanisms would be in place to ensure compliance prior to development, particularly in designated 'growth' areas. We are concerned that imposing a centralised policy that removes local tailoring and local checks and balances could lead to inappropriate development. We are also concerned that the proposed nationally prescribed 'growth', 'renewal' and 'protection' areas may be less relevant in a dense, complex urban environment like London, where there is potential for adjoining streets, or even individual buildings, to be allocated to different zones.

### 2. **Local democratic accountability and resident engagement could be undermined by the proposed changes.**

The White Paper has the potential to downgrade the role of local councillors and reduce resident consultation in respect of applications for individual sites. We are concerned that many residents will find it difficult to engage in the development of Local Plans and design codes, as envisaged by the White Paper, but will feel disenfranchised in respect of being able to influence individual planning applications.

### 3. **Cutting the requirement for planning permission in 'growth' and 'renewal' areas would represent an expanded planning free-for-all, even when compared to the recent extension of Permitted Development Rights.**

The proposal to move to zoning arrangements, with more availability of automatic planning approvals in 'growth' and 'renewal' areas and fewer opportunities for local oversight, makes it much harder for councils to manage development in their areas, for example making sure the right sort of homes are built to the right standard in the right places. This could exacerbate some of the problems that councils have experienced with the extension of Permitted Development Rights and the proliferation of lower quality development in unsuitable locations and posing additional challenges for future residents and local communities

### 4. **The impact of the proposed mechanism for distributing a nationally set housing target between authorities in reflecting local needs.**

We are concerned about the White Paper proposals for allocating housing targets. The White Paper proposals envisage a national process for allocating targets to boroughs taking into account a range of prescribed factors, rather than being generated locally to reflect and help meet local needs. Given this reliance on a national prescribed policy, more detail is needed on how local circumstances would be reflected in development. In particular, detailed policies on affordable housing targets, tenure splits and dwelling mixes would need to be established.

**5. The abolition of section 106 and CIL risks a reduction in affordable housing delivery and housing standards.**

There are concerns over proposals in the White Paper to remove Section 106 agreements and the Community Infrastructure Levy. Councils already have limited mechanisms for ensuring affordable housing targets are met and these measures could put boroughs in an even weaker position, thereby exacerbating the housing crisis in London. Whilst reforms which provide greater certainty in the development process may potentially be helpful, any changes to S106 need clear, robust mechanisms in place which guarantee that at least the same amount of affordable housing can be secured. The White Paper Infrastructure Levy (IL) proposals as set out currently do not give confidence that such a test can be passed. We are also concerned about the wide range of activity that the new IL could be expected to fund, as well as the potential crowding out of projects if the new arrangement cannot deliver the necessary funding. Some of the IL items may be better funded centrally, with developer contributions focused on affordable housing and ensuring low carbon development. There is also a risk of moving payment of the new Infrastructure Levy to the occupation stage when councils have borrowed against it, with levy payments potentially not forthcoming should viability reduce below a threshold. This arrangement effectively transfers risk from developers to financially hard-pressed councils.

**6. The role of the planning system in housing delivery**

There is significant challenge to the implication in the White Paper that the planning system is the principal barrier to development. The 2018/19 pipeline of permitted homes in London is 305,289, the highest ever recorded. If all these permitted homes were actually built, they would deliver over half of London's new 10 year housing target. According to figures from the Home Builders Federation, 69,300 new homes were granted planning permission in London in the year to September 2019, which is higher than the annual target of 52,000 homes in the 'Intend to Publish' version of the London Plan. The Letwin Review, explained the challenges of delivery after planning permission is granted and outlined recommendations for diversifying the housing sector and completing more homes. The White Paper's contention that reducing local planning powers would lead to a substantial increase in housebuilding is not supported by current evidence. The proposed consultation response therefore encourages the government to revisit the Letwin Review, re-analyse the reasons for insufficient housing delivery and reflect on whether the scale and nature of the White Paper reforms are warranted.

**7. The impact of the White Paper proposals on other issues, for example environmental concerns.**

Whilst London Councils strongly supports increased housing delivery, particularly affordable housing, we are concerned that the narrower focus of Local Plans as envisaged by the White Paper may crowd out other issues important to boroughs and relevant to the wider role the planning system plays in balancing competing demands in places. This includes a wide range of social, economic and environmental issues, including in particular policies to fulfil local climate change targets. London boroughs have been at the forefront of declaring climate emergencies and putting in place planning policies to deliver low carbon development. There is a concern that the proposals, insofar as they limit councils' ability to influence individual development proposals, will affect the degree to which they low carbon targets can be met and may constrain those boroughs that wish to set more ambitious goals locally in this regard.

**8. Increased costs and new burdens on councils flowing from the White Paper.**

The proposals do imply some significant new burdens on councils, such as the need to develop new Local Plans and design codes, potentially masterplans for larger sites and new lists of heritage assets. A key question to probe going forward will be what level of new burdens funding may be available to councils to support this work. The government envisages that councils will have time freed to focus more on the enforcement of planning and building regulations (in addition to an undefined proposal to establish a new centre of expertise for design within Homes England), however these are not necessarily comparable disciplines. This is particularly in relation to building regulations, where there are painfully few qualified officers and significant capacity pressures.

**9. The risk to investment and development at a critical time**

The government's ambition is for reform to be introduced by the end of this Parliament, in December 2024. It is proposed that councils would have 30-months to adopt their new Local Plans reflecting the planned legislation (unless their existing Plan was adopted within the past three-years, in which case a 42-month timeframe is proposed). This is seen as ambitious by the sector, particularly given the need to develop new nationally defined policies through a revised NPPF. We are concerned that there is insufficient recognition of the role of planning in providing a stable platform for investment by developers, and landowners and that the uncertainty that such proposals introduce, particularly in a period of wider challenge to the economy, could have an adverse impact on the trajectory of development before 2024.

## Responses to Consultation Questions

**Question 1: What three words do you associate most with the planning system in England?****Response to Question 1:**

N/A – this is a local government stakeholder response

**Question 2: Do you get involved with planning decisions in your local area?**

**[Yes / No]**

**Response to Question 2:**

This question is directed to local people. However, we have provided comments below related to resident and community involvement with planning decisions, to which local government is central.

London Councils represents the 32 London boroughs and the City of London Corporation who are all Local Planning Authorities responsible for making planning decisions in their areas.

The White Paper would establish a significant democratic deficit in relation to planning, through downgrading the role of local councillors, reducing resident consultation and streamlining applications for individual sites. We are concerned that residents will find it difficult to engage in the development of Local Plans and design codes, as

envisaged by the government, and will feel disenfranchised in respect of individual planning applications, from which the government proposals seek to largely exclude them. This disenfranchisement would be mostly likely in the 'growth' and 'renewal' areas, rather than in 'protected' areas where it appears the current arrangements for resident engagement on individual applications for planning permission would be maintained. This two tier approach to the determination of individual development proposals has important equalities implications, as disadvantaged groups are likely to disproportionately reside in 'growth' and 'renewal' areas, whereas more affluent households are likely to disproportionately reside in 'protected' areas, such as conservation areas and higher value locations near protected green spaces.

**Question 2(a): If no, why not?**

***[Don't know how to / It takes too long / It's too complicated / I don't care / Other – please specify]***

**Response to Question 2(a):**

As above, we have provided comments below related to resident and community involvement with planning decisions.

We consider that residents are most likely to get involved with individual planning applications which directly affect their home, local street or neighbourhood, rather than the development of their Local Plan and associated documents, like design codes. Consequently, whilst we would support greater resident involvement in Local Plan formulation, we are concerned that resident involvement in individual planning decisions is being minimised by the government's proposals, particularly in 'growth' and 'renewal' areas. We consider that this approach could erode public confidence in the planning system, particularly in 'growth' and 'renewal' areas, which would outweigh the justification of 'streamlining' the planning decision making process presented in the White Paper.

**Question 3: Our proposals will make it much easier to access plans and contribute your views to planning decisions. How would you like to find out about plans and planning proposals in the future?**

***[Social media / Online news / Newspaper / By post / Other – please specify]***

**Response to Question 3:**

Again, we have provided comments below related to resident and community involvement with planning decisions.

The digital reforms proposed in the White Paper could offer improved access to the planning process for some residents which we would support, subject to existing methods of resident involvement being retained and enhanced for those without digital access. This has important equalities implications for disadvantaged households and communities who are less likely to have digital technology and knowledge of how to use it. We would also note that the digital changes proposed in the White Paper could be easily introduced without wholesale reform of the planning system.

**Question 4: What are your top three priorities for planning in your local area?**

***[Building homes for young people / building homes for the homeless / Protection of green spaces / The environment, biodiversity and action on climate change / Increasing the affordability of housing / The design of new homes and places / Supporting the high street / Supporting the local economy / More or better local infrastructure / Protection of existing heritage buildings or areas / Other – please specify]***

**Response to Question 4:**

Again, we have provided comments below related to resident and community involvement with planning decisions.

In our view, planning priorities are best decided locally and democratically at Local Authority level, following consultation and engagement with local communities. In this context, we consider that a negative impact of the White Paper proposals is that they would undermine the role of councils in managing development to meet the needs of their local areas. For example, it would be a retrograde step if the ability of London boroughs to ensure that new development includes affordable homes were undermined, exacerbating the homelessness crisis in the capital – a key concern of boroughs and Londoners. London has already had the negative experience of Permitted Developments Rights (PDR) undermining the role of boroughs, creating sub-standard homes in unsuitable locations with no affordable requirement, and PDR now being extended from 1 September 2020 despite strong opposition. The White Paper changes risk magnifying these problems.

**Question 5: Do you agree that Local Plans should be simplified in line with our proposals?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 5:**

No. We do not support the government's proposals which would transform the role of Local Plans within the planning system. The White Paper proposals suggest that a primary role of Local Plans (with associated documents, such as design codes) would be to set the standards which development proposals in 'growth' and 'renewal' areas would need to meet in order to receive an automatic permission (In the case of 'renewal' areas this would be an automatic outline approval and in 'renewal' areas, an automatic presumption in favour of development). The greater centralisation of policy making nationally, would also limit the scope for Local Plans to deviate from national prescription in order to meet local priorities and promote local ambitions. The document length and timescales for the production of a Local Plan are also curtailed in the government's proposals.

We consider that the government has underestimated the work involved in establishing the policy framework required within a Local Plan to administer the new 'zoning' style system being proposed i.e. the government's 'growth', 'renewal' and 'protected' areas. Consequently, the government has proposed an unrealistic timeframe of 30 months for Local Plan formulation, when borough planners with experience of zoning systems in other countries have suggested that this would be insufficient. The government proposals appear to be based on an unrealistic expectation that it would be possible to cut back the time needed to decide individual development proposals via the use of automatic permissions whilst, at the same time, cutting back on the time needed to prepare the complex guidance needed to operate such a system. This similarly applies to government suggestions that less planners would be required to operate a 'zoning' style system, when in our view additional resources and new burdens

funding would be required. Additionally, experience from abroad suggests that developers would regularly submit development proposals which do not conform to the standards set for the proposed 'growth' and 'renewal' areas, resulting in complex negotiations and the processing of a full planning application.

The White Paper proposals are heavily focused on increasing housing delivery. We are therefore concerned that housing could become the main focus of Local Plans, crowding out other important local issues, for example, social, economic and environmental concerns, including policies to fulfil local climate change targets. Whilst London Councils strongly supports increased housing delivery, particularly affordable housing, we are concerned that the scope of Local Plans is being limited and narrowed, diminishing the importance of other issues important to boroughs and relevant to the wider role the planning system plays in balancing competing demands.

We consider that boroughs would face substantially increased costs in managing the changes envisaged in the White Paper. The government claims that councils will be "freed from many planning obligations" through the reforms. However, rather than freeing up officer time, the proposals create significant new burdens, including the need to develop new Local Plans and design codes described above, and potentially masterplans for larger sites and new lists of heritage assets. A key question will be what level of new burdens funding would be made available to councils to support this work.

The government envisages that councils will have time freed to focus more on the enforcement of planning and building regulations (in addition to an undefined proposal to establish a new centre of expertise for design within Homes England), however these are not necessarily comparable disciplines. This is particularly in relation to building regulations, where there are painfully few qualified officers and significant capacity pressures.

**Question 6: Do you agree with our proposals for streamlining the development management content of Local Plans, and setting out general development management policies nationally?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 6:**

No. As set out in our response to question 5 above, we do not support the government's proposals for Local Plans and consider that the proposals for greater centralisation with more nationally set policies is too prescriptive, thereby restricting boroughs in setting local policies which best meet the needs of their areas.

**Question 7(a): Do you agree with our proposals to replace existing legal and policy tests for Local Plans with a consolidated test of "sustainable development", which would include consideration of environmental impact?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 7(a):**

There are a number of areas within the White Paper where we consider the government has provided insufficient information on which to comment. The government's proposals for a consolidated test of 'sustainable development'



falls in this category. Therefore, we would ask the government to provide more clarification of its proposals in this area, particularly how establishing the proposed single statutory 'sustainable development test' would align with replacement of the current test of soundness and deletion of the Duty to Cooperate.

This issue is of high importance given the priority attached to sustainable development by London boroughs, a priority we share with government.

### **Question 7(b): How could strategic, cross-boundary issues be best planned for in the absence of a formal Duty to Cooperate?**

#### **Response to Question 7(b):**

This is another area within the White Paper where we consider the government has provided insufficient information on which to comment. The government's proposals do not provide sufficient information on a replacement for the 'Duty to Cooperate' which it proposes to abolish. However, we would reflect that the government's separate proposals for a new standard method for assessing housing need ('the standard method') would, according to the calculations by Lichfield's (see link: <https://lichfields.uk/grow-renew-protect-planning-for-the-future/how-many-homes-the-new-standard-method/>) generate an unrealistic housing target of 93,500 homes per annum for London, raising the question of how unmet need would be met in the absence of a Duty to Cooperate.

In respect of wider strategic issues, we would note that other areas where the White Paper has provided insufficient information include what role it is envisaged the Mayor of London will have within the new system, as well as the scale at which plan making will occur in London and the wider South East to meet local needs.

### **Question 8(a): Do you agree that a standard method for establishing housing requirements (that takes into account constraints) should be introduced?**

***[Yes / No / Not sure. Please provide supporting statement.]***

#### **Response to Question 8(a):**

No. We are concerned that the proposed mechanism for distributing a nationally set housing target between authorities would not reflect local needs. The current national target is not based on a robust, transparent assessment, but is essentially a politically set target which, under the White Paper proposals, would be allocated to boroughs nationally taking into account a range of prescribed factors, rather than generated locally to meet local needs. Given this reliance on a national prescribed policy, more detail is needed on how local circumstances would be reflected in development. In particular, detailed policies on affordable housing targets, tenure splits and dwelling mixes would need to be established.

We are concerned that the White Paper proposals contain insufficient information on how the local housing targets would be calculated and the degree to which this process would rely upon the proposed new standard method for assessing housing need ('the standard method') included in the previous consultation on 'Changes to the current planning system' which closed on 1 October 2020. In our response to that consultation, we expressed serious concerns over the new standard method – our immediate primary concern being the unrealistic annual target of

93,500 homes (161% increase) generated by Lichfield's analysis as compared to the reduced London Plan target of 52,000 homes.

**Question 8(b): Do you agree that affordability and the extent of existing urban areas are appropriate indicators of the quantity of development to be accommodated?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 8(b):**

No, this is too simplistic. We are concerned about the White Paper proposals for assessing the quantity of development to be accommodated in a local authority area. For example, the proposed standard method for establishing the 'housing requirement' for a particular local authority applies a nationally generated target, rather than a target produced locally to meet needs in that area, as described in our response to question 8(a) above. We are also concerned about the lack of clarity over how the new standard method for assessing housing need would be relied upon – again this covered in our response to question 8(a). As regards the proposed indicators of the quantity of development to be accommodated, we do not support the approach being proposed and do not consider that the use of indicators to adjust the targets will make this approach acceptable.

**Question 9(a): Do you agree that there should be automatic outline permission for areas for substantial development (Growth areas) with faster routes for detailed consent?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 9(a):**

No. The White Paper proposals represent a significant centralisation of control, with greater focus on national direction, for example prescribed development policies and Infrastructure Levy rates, and a paring back of local planning authorities to a high-level role designating land uses and developing design codes. We have serious concerns as to what this would mean in practice for the standard of development brought forward and what limitations would exist on such developments. While councils would be required to develop design codes, it is not clear what mechanisms would be in place to ensure compliance prior to development, particularly in designated 'growth' areas. We are concerned that imposing a one-size fits all, centralised policy that removes local checks and balances would lead to inappropriate development, including over-priced and poor-quality homes. We are also concerned that, whilst the nationally prescribed 'growth', 'renewal' and 'protection' areas could theoretically be applied outside London to create meaningful zones, it is difficult to see how this would work in a dense, complex urban environment like London, where the patchwork of individual buildings in a locality would need to be allocated to different zones.

Cutting the requirement for planning permission in 'growth' and 'renewal' areas would represent an expanded planning free-for-all, even when compared to the recent extension of Permitted Development Rights. The White Paper proposals seek to weaken local scrutiny by moving to zoning arrangements, with more availability of automatic planning permission in 'growth' and 'renewal' areas and fewer opportunities for local accountability and oversight. As a result of these changes, it would become much harder for councils to manage development, for example making sure the right sort of homes are built to the right standard in the right places, adding to the problems



caused by PDR. This all points to a proliferation of lower quality development in unsuitable locations, with repercussions for future residents and local communities.

**Question 9(b): Do you agree with our proposals above for the consent arrangements for *Renewal* and *Protected* areas?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 9(b):**

No. We consider that the proposals for consent arrangements in 'Renewal' areas would weaken local accountability and oversight of planning decisions as described in our response to question 9(a) above. We consider that maintaining current arrangements for deciding planning applications in 'protected' areas whilst automatic permissions apply in 'growth' and 'renewal' areas is problematic, as this effectively creates a two tier system with equalities implications for communities in different parts of a borough, as fully described in other response to question 26 below.

**Question 9(c): Do you think there is a case for allowing new settlements to be brought forward under the Nationally Significant Infrastructure Projects regime?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 9(c):**

Not sure. The White Paper proposes that for exceptionally large sites, such as a new town, the government intends exploring whether a Development Consent Order under the Nationally Significant Infrastructure Projects regime may be an appropriate route to secure the consents needed to overcome land assembly and planning challenges. As this is unlikely to apply in London, we think other stakeholders are better placed to comment.

**Question 10: Do you agree with our proposals to make decision-making faster and more certain?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 10:**

No. We consider whilst that the government's proposals aim to make decision-making faster and more certain, this would only be achieved under these proposals by undermining local democratic control of planning decisions, weakening resident involvement in the planning process, risking poor standard development, and narrowing the scope of Local Plans. In addition, the greater centralisation of planning policy nationally, which these proposals involve, would further undermine the ability of local councils to manage development in their areas in consultation with local communities who, under current arrangements, are subject to the same planning decision making process and resident consultation arrangement irrespective of where they live in the area.

**Question 11: Do you agree with our proposals for accessible, web-based Local Plans?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 11:**

Yes. We would support digital improvements including more accessible, web-based Local Plans provided that the planning system remains accessible to planning applicants, local residents and communities without access to digital technology or knowledge. This has equalities implications as set out in response to question 26.

**Question 12: Do you agree with our proposals for a 30 month statutory timescale for the production of Local Plans?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 12:**

No. We consider that a 30 month timescale for the production of the new style Local Plans envisaged by the government is unrealistic, as explained in our response to question 5.

The government ambition is for its proposals to be in place by the end of this Parliament, in December 2024. This timetable for introducing the planned legislation is partly reliant on the proposal that councils would have 30-months to adopt their new Local Plans (unless their existing Plan was adopted within the past three-years, in which case a 42-month timeframe is proposed). This is seen as ambitious by the sector, given the need to also develop new nationally defined policies through a revised NPPF.

We are concerned that the government has not recognised the role of planning in providing stable platform for investment and has not anticipated the reaction of developers, investors and landowners to the uncertainty of its proposals. Consequently, the White Paper changes risk disrupting investment and delaying development at least until 2024.

**Question 13(a): Do you agree that Neighbourhood Plans should be retained in the reformed planning system?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 13(a):**

Not sure. We consider that Neighbourhood Plans have a role to play within the current system, but it is unclear how this would continue under the proposed new arrangements with nationally prescribed policies and a more restricted role for Local Plans.

**Question 13(b): How can the neighbourhood planning process be developed to meet our objectives, such as in the use of digital tools and reflecting community preferences about design?**

**Response to Question 13(b):**

Please see our response to question 13(a) above.

**Question 14: Do you agree there should be a stronger emphasis on the build out of developments? And if so, what further measures would you support?*****[Yes / No / Not sure. Please provide supporting statement.]*****Response to Question 14:**

Yes. We consider that the build out of unimplemented planning permissions is a key obstacle to housing delivery. However, the White Paper attributes lack of housing delivery to the planning system itself, but does not provide evidence to support this view. London's planning system is not the barrier to development portrayed in the White Paper. In fact, the 2018/19 pipeline of permitted homes in London is 305,289, the highest ever recorded. If all these permitted homes were actually built, they would deliver over half of London's new 10 year housing target. According to figures from the Home Builders Federation, 69,300 new homes were granted planning permission in London in the year to September 2019, which is higher than the annual target of 52,000 homes in the 'Intend to Publish' version of the London Plan. It is widely recognised that a lack of planning permissions is not the brake on housing delivery. Indeed, the Letwin Review, commissioned under a previous Chancellor, explained the challenges of delivery after planning permission is granted and outlined recommendations for diversifying the housing sector and completing more homes. The White Paper's contention that reducing local planning powers would lead to a substantial increase in housebuilding is not supported by evidence. We would therefore encourage the government to revisit the Letwin Review, re-analyse the reasons for insufficient housing delivery and reflect on whether the scale and nature of the White Paper reforms are warranted.

The White Paper omits changes which would improve the existing system. The most obvious omission is providing councils with powers which can require developers to build out the planning permissions they have been granted. We would support such powers as they would provide an early, substantial boost to housebuilding. This approach would also be based on the evidence, which shows it is not a lack of planning permissions holding back delivery, but delays in building out the large number of unimplemented permissions.

We consider that inadequate funding lies at the heart of housing delivery shortfalls. Funding a wider range of providers delivering a more diverse range of tenures, in particular more affordable housing provided by local councils, would increase build-out rates. We consider that this approach would accord with the Letwin review findings and, in response to the covid-19 crisis, would produce both more homes to meet increasing homelessness demand and more jobs to tackle increasing unemployment. Significant, large-scale housebuilding is expensive and over many years local government has not been funded as a major supplier of public housing. National house building completions have only previously reached the levels currently sought by the government, when council house building made up a substantial proportion of completions (check data). London boroughs have been making the case for more government investment and a boost to council housebuilding, recently approaching the government for financial support to build 50,000 homes. London is experiencing the most severe homelessness crisis in the country due to a chronic shortage of genuinely affordable homes. The capital accounts for two-thirds of homelessness in England, with 58,000 homeless households placed in temporary accommodation by London boroughs. There are currently 243,000 London households on council housing waiting lists and boroughs collectively spend around £1 billion each year on homelessness services. Last year, the Mayor started more than 17,000 new affordable homes and boroughs started more than 3,300 new council homes, the highest of any year since 1983. Greater funding of new affordable homes by London boroughs would both increase this housing delivery and reduce homelessness, thereby supporting the government's planning and housing objectives.

**Question 15: What do you think about the design of new development that has happened recently in your area?**

***[Not sure or indifferent / Beautiful and/or well-designed / Ugly and/or poorly-designed / There hasn't been any / Other – please specify]***

**Response to Question 15:**

In their development of Local Plans, supplementary planning documents and design codes London boroughs consult widely with local communities and residents on a wide range of issues, including design quality and we support these arrangements continuing.

**Question 16: Sustainability is at the heart of our proposals. What is your priority for sustainability in your area?**

***[Less reliance on cars / More green and open spaces / Energy efficiency of new buildings / More trees / Other – please specify]***

**Response to Question 16:**

We are pleased the government considers sustainability to be at the heart of their proposals, and we share their ambitious carbon reduction targets. London boroughs have been at the forefront of declaring climate emergencies and putting in place planning policies to deliver low carbon development. London Councils itself has launched a Climate Programme to support boroughs in this area. For the government to achieve its sustainability ambitions, and embed them as part of these proposals, we would expect carbon reduction policies to feature far more prominently throughout. As it stands, we are concerned that the White Paper would weaken Local Plans and boroughs' management of individual development proposals and the degree to which they meet low carbon targets. We are also concerned that nationally prescribed targets would hold back boroughs who have set more ambitious local goals.

**Question 17: Do you agree with our proposals for improving the production and use of design guides and codes?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 17:**

No. The government's proposals for design guides and codes form part of the wider proposal to introduce a 'zoning' style approach which we do not support. We anticipate that the improved design guides and codes required to support the operation of the government's 'zoning' style 'growth', 'renewal' and 'protected areas' would need to be tailored to each local authority area and to the distinct localities within each borough. This would be a time consuming and costly process for which new burdens funding would be required, as described in our response to question 5.

**Question 18: Do you agree that we should establish a new body to support design coding and building better places, and that each authority should have a chief officer for design and place-making?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 18:**

There are a number of areas within the White Paper where we consider the government has provided insufficient information on which to comment. The government's proposals for the creation of a new expert body to 'monitor and challenge' design standards falls in this category. Therefore, we would ask the government to provide more clarification of its proposals in this area.

The proposal for a Chief Officer for design and place-making in each local authority also requires clarification, for example whether this equates to a Chief Planner in each authority, managing a single department, and whether funding would be made available by the government for these posts.

**Question 19: Do you agree with our proposal to consider how design might be given greater emphasis in the strategic objectives for Homes England?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 19:**

We would support proposals which improve the design of new affordable homes, particularly in terms of better meeting the needs and aspirations of residents and achieving low carbon development to address climate change and fuel poverty.

**Question 20: Do you agree with our proposals for implementing a fast-track for beauty?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 20:**

Our concerns with this proposal relate to how the definition of beauty would be established taking into account different views of what constitutes 'beauty' and how this would be applied in different local authority settings. Also, a fast-track arrangement for one category of development proposals would put further pressure on hard-pressed planning authorities dealing with other proposals. This is, therefore, another area where new burdens funding would be required.

**Question 21: When new development happens in your area, what is your priority for what comes with it?**

***[More affordable housing / More or better infrastructure (such as transport, schools, health provision) / Design of new buildings / More shops and/or employment space / Green space / Don't know / Other – please specify]***

**Response to Question 21:**

As referred to in other responses, our main concern is that the process for determining the priorities for planning gain should be at a local authority level, taking into account community input.

**Question 22(a): Should the Government replace the Community Infrastructure Levy and Section 106 planning obligations with a new consolidated Infrastructure Levy, which is charged as a fixed proportion of development value above a set threshold?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 22(a):**

No. We have serious concerns over proposals to remove section 106 agreements and the Community Infrastructure Levy as this risks a major reduction in affordable housing delivery and housing standards. Councils already have very few mechanisms for ensuring affordable housing targets are met. The abolition of these measures risks putting boroughs in an even weaker position, thereby exacerbating the housing crisis in London. Whilst reforms which provide greater certainty in the development process may potentially be helpful, any changes to s106 will be opposed unless there is a clear, robust mechanism in place which guarantees that at least the same amount of affordable housing can be secured. The White Paper Infrastructure Levy (IL) proposals do not pass this test. We are also concerned about the wide range of activity that the new IL could be expected to fund, and the potential crowding out of projects if the new arrangement cannot deliver the necessary funding. Some of the IL items may be better funded centrally, with developer contributions focused on affordable housing and ensuring low carbon development. There is also a risk of moving payment of the new Infrastructure Levy to the occupation stage when councils have borrowed against it, with levy payments potentially not forthcoming should viability reduce below a threshold. This arrangement effectively transfers risk from developers to hard pressed councils, for example, London boroughs currently face a £1.4bn funding shortfall due to pandemic pressures.

**Question 22(b): Should the Infrastructure Levy rates be set nationally at a single rate, set nationally at an area-specific rate, or set locally?**

***[Nationally at a single rate / Nationally at an area-specific rate / Locally]***

**Response to Question 22(b):**

There are a number of areas within the White Paper where we consider the government has provided insufficient information, this includes clarity on the proposals for Infrastructure Levy rate setting. However, we would be concerned about a nationally set rate and would in principle prefer a locally set rate. It is important that local government is fully involved in developing any potential changes in this complex area.

**Question 22(c): Should the Infrastructure Levy aim to capture the same amount of value overall, or more value, to support greater investment in infrastructure, affordable housing and local communities?**

***[Same amount overall / More value / Less value / Not sure. Please provide supporting statement.]***



**Response to Question 22(c):**

We recognise that developer contributions are not being maximised under the current arrangements, partly due to viability assessments, with affordable housing and other community benefits not being fully realised as a result. However, we are not convinced that the proposed Infrastructure Levy will improve the situation. On the contrary, we consider that it puts at risk what is already being achieved via the existing s106 and CIL arrangements. We would also note that CIL has taken a number of years to adjust and refine. Therefore, it is important to not underestimate the complexities of change in this area.

**Question 22(d): Should we allow local authorities to borrow against the Infrastructure Levy, to support infrastructure delivery in their area?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 22(d):**

We note the proposal to obtain Infrastructure Levy payments at occupation stage, as this would potentially provide more certainty over the amounts payable. However, it should not be forgotten that under current arrangements any discrepancy between developer contributions agreed in advance and an increased amount payable at occupation (due to increased sales values for example) can be recovered through claw-back arrangements. If the Infrastructure Levy were to be introduced with payment on occupation, it may be appropriate to provide councils with the option of borrowing. However, there is clearly a risk to councils in this situation that the levy payments they have borrowed against are not forthcoming. We are concerned that the proposed arrangements for a new Infrastructure Levy effectively transfer risk from developers to hard pressed councils. In London, for example, boroughs currently face a £1.4bn funding shortfall due to pandemic pressures.

**Question 23: Do you agree that the scope of the reformed Infrastructure Levy should capture changes of use through permitted development rights?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 23:**

Yes. We are strongly opposed to residential Permitted Development Rights and consider that they should be subject to an affordable housing requirement and other planning obligations. Therefore, should the proposed Infrastructure Levy proceed, we would support this being applied to PDR in principle, but would wish to comment further on the outputs, particularly in terms of affordable homes and housing standards.

**Question 24(a): Do you agree that we should aim to secure at least the same amount of affordable housing under the Infrastructure Levy, and as much on-site affordable provision, as at present?**

***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 24(a):**

Not sure. We consider that an aim to secure at least the same amount of affordable housing under the proposed Infrastructure Levy, and as much on-site affordable provision, as at present is too weak. In our view, this would

need to be a guaranteed commitment with failsafe mechanisms in place before we could consider supporting the proposed changes. We are also concerned that the government's current policy direction is reducing the delivery of affordable housing, in particular sub-market rented housing, as evidenced by the recent extension of PDR with no affordable housing requirement, together with the government's separate new proposals for 'First Homes' (which would displace other more affordable tenures) and temporarily increasing the site threshold for affordable housing from 10 units to 40 or 50 units.

**Question 24(b): Should affordable housing be secured as in-kind payment towards the Infrastructure Levy, or as a 'right to purchase' at discounted rates for local authorities?**  
***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 24(b):**

As noted, this is further area within the White Paper where we consider the government has provided insufficient information, this includes clarity on the proposals for affordable housing to be secured as in-kind payment towards the Infrastructure Levy rate and 'right to purchase' proposal. From the information provided, we would be concerned that these proposals transfer financial risk to councils and involve additional work for councils in managing this risk and ensuring that housing standards are maintained.

**Question 24(c): If an in-kind delivery approach is taken, should we mitigate against local authority overpayment risk?**  
***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 24(c):**

Please see our response to question 24(b) above. As described above, we are concerned that the in-kind delivery approach further increases the financial risk for councils. These risks would need to be fully mitigated.

**Question 24(d): If an in-kind delivery approach is taken, are there additional steps that would need to be taken to support affordable housing quality?**  
***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 24(d):**

Please see our responses to questions 22(a), 24 (a) and 24(b) above.

**Question 25: Should local authorities have fewer restrictions over how they spend the Infrastructure Levy?**  
***[Yes / No / Not sure. Please provide supporting statement.]***

**Response to Question 25:**

Not sure. We are concerned about the wide range of activity that the new Infrastructure Levy could be expected to fund, and the potential crowding out of projects if the new arrangement cannot deliver the necessary funding. Some



of the Infrastructure Levy items may be better funded centrally, with developer contributions focused on affordable housing and ensuring low carbon development.

**Question 25(a): If yes, should an affordable housing ‘ring-fence’ be developed?  
[Yes / No / Not sure. Please provide supporting statement.]**

**Response to Question 25(a):**

We consider that affordable housing needs to be protected and at least current levels of delivery guaranteed under any changes.

**Question 26: Do you have any views on the potential impact of the proposals raised in this consultation on people with protected characteristics as defined in section 149 of the Equality Act 2010?**

**Response to Question 26:**

We are concerned that proposals in this consultation will have a negative impact on people with protected characteristics as defined in section 149 of the Equality Act 2010.

**Affordable housing**

The proposal to abolish section 106 and CIL risks significantly reducing the delivery of affordable housing, in particular sub-market rented housing, with a negative impact on the disadvantaged groups who disproportionately require such accommodation. We are very concerned that the proposals for a replacement Infrastructure Levy do not guarantee at least the same amount affordable housing as currently being delivered via section 106 and CIL. These proposals would compound a group of other government measures/proposals which also reduce the delivery of affordable housing, specifically sub-market rented housing, including:

- the extension of Permitted Development Rights with no affordable housing requirement from 1 September 2020
- proposals which stipulate that ‘First Homes’ would take up the first 25% of the affordable housing requirement on a site, displacing other affordable housing tenures including sub-market rented housing (as proposed in MHCLG consultation ‘Changes to the current planning system’ which closed on 1 October 2020)
- proposals to temporarily increase the small sites threshold (below which developers do not need to contribute to affordable housing) from 10 units to up to 40 or 50 units, in order to support SME builders (as proposed in MHCLG consultation ‘Changes to the current planning system’ which closed on 1 October 2020)

The over-representation of disadvantaged groups amongst homeless people and other lower income households is well established. Therefore, an Equalities Impact Assessment which compares the impact of the government’s section 106 and CIL proposals with a ‘no change’ option would be appropriate. This assessment should also calculate the combined impact of the government’s section 106 and CIL proposals plus the three other measures/proposals listed above. We suggest that BAME households, people with disabilities and other groups are likely to be significantly disadvantaged by all these changes.

### Resident and community involvement in planning decisions

The White Paper proposals for 'growth' and 'renewal' areas would allow policy compliant developments to proceed without the need for planning permission and, consequently, with little or no opportunity for resident engagement on individual schemes in these areas. By contrast, it appears that planning permission and the associated resident engagement on individual schemes would continue as currently in 'protected' areas. We consider it likely that disadvantaged households and communities would disproportionately reside within 'growth' and 'renewal' areas with less opportunity to influence development nearby, whilst more affluent households and communities would disproportionately reside in 'protected' areas, such as conservation areas and higher value locations close to Metropolitan Open Land, Green Belt, parks and other green spaces, thereby benefitting from a greater say on development proposals which may affect them. This would risk compounding inequality and the disenfranchisement of disadvantaged groups. Therefore, an Equalities Impact Assessment which compares the impact of the government's proposals with maintaining the current system (the 'no change' option) would be appropriate.

### Digital reforms

The digital reforms proposed in the White Paper could offer improved access to the planning process for some residents which we would support, subject to existing methods of resident involvement being retained and enhanced for those without digital access. This has important equalities implications for disadvantaged households and communities who are less likely to have digital technology and knowledge of how to use it. We would also note that the digital changes proposed in the White Paper could be easily introduced without wholesale reform of the planning system.

## **Conclusions**

From our review of the proposals in this consultation we have reached the following conclusions:

- the proposals would centralize control nationally with a predominantly one size fits all approach, thereby undermining the role of councils in managing development in their areas.
- the proposed changes would reduce democratic accountability and limit resident engagement, particularly in the consideration of individual development proposals.
- the proposed 'growth', 'renewal' and 'protected' areas would be very difficult to apply in a complex urban setting like London.
- the proposed mechanism for distributing a nationally set housing target between authorities would be prescriptive and not reflect local needs.
- The proposals for replacing the current arrangements for achieving affordable housing (through section 106 and CIL) with a new Infrastructure Levy risks reduced affordable housing delivery, exacerbating the homelessness crisis in London. The proposed Infrastructure Levy raises other concerns, including the national setting of levy rates and increased financial risk for councils.
- the White Paper justifies the proposed reforms by attributing lack of housing delivery to the planning system, but does not provide evidence to support this view. We consider that the obstacle to housing delivery is not the planning system, but failure to build out unimplemented planning permissions and lack of government funding for affordable housing.
- the proposals would narrow the focus of Local Plans to housing, crowding out other important issues, such as the delivery of low carbon development to meet borough climate change targets.

- the proposed changes would involve the development of new prescribed Local Plans and detailed design codes to support the new 'zoning' style arrangements, which would require substantial new burdens funding.
- The White Paper provides little or no information in a number of key areas, creating uncertainty. We consider that the limited number of positive proposals in the White Paper could be introduced without wholesale reform. The White Paper also omits changes which would improve the current system, notably providing councils with powers to ensure unimplemented permissions are built out.
- Importantly, the planning system provides a stable platform for investment, which the White Paper proposals would dismantle at a critical time, when the country is facing covid-19 recovery and Brexit implementation, risking upheaval and delayed development.

# Leaders' Committee

## Secure Children's Homes

Item no: 8

**Report by:** Clive Grimshaw      **Job title:** Strategic Lead for Health and Social Care  
**Date:** 13<sup>th</sup> October 2020  
**Contact Officer:** Clive Grimshaw  
**Telephone:** 020 7934 9830      **Email:** [Clive.grimshaw@londoncouncils.gov.uk](mailto:Clive.grimshaw@londoncouncils.gov.uk)

---

<b>Summary</b>	This report summarises the background to work undertaken by the Association of London Directors of Children's Services and NHS England (London Region) to review the use of secure children's homes for London's children and young people and sets out the proposed way forward for ensuring strengthened arrangements in the future. The report describes related work in progress exploring options for joint arrangements in respect of procuring, commissioning or directly providing placements for London's children with the most complex needs.
<b>Recommendations</b>	Leaders' Committee is asked to endorse the work being undertaken by the London Directors of Children's Services and to comment on the proposals being developed.

# **Secure Children's Homes**

## **Introduction**

1. To address concerns around the availability, distance travelled, outcomes achieved and high costs of secure placements, the Association of London Directors of Children's Services (ALDCS), in partnership with NHS England (London Region), commissioned a regional review of the use of secure children's homes (SCHs) for London's children and young people covering:
  - those placed by a local authority under section 25 of the Children Act 1989 (welfare placements);
  - those sent to a secure children's home on sentence or if they are refused bail and remanded to local authority accommodation with secure conditions (justice placements); and
  - young people held in police custody between being charged and appearing in court because they satisfy the 'serious harm' criterion but no local authority secure accommodation is available.
2. London Councils' Executive received a report on the progress of the review in June 2019. This report sets out the case reported to Executive in 2019, along with an update on progress since then and an outline of the project's next steps.
3. In parallel to this review, the Department for Education (DfE) awarded funding for three feasibility studies into how regions can increase the sufficiency of secure residential places, including one to London Borough of Barking and Dagenham. ALDCS, NHS England (London) and the London Borough of Barking and Dagenham have agreed to collaborate to ensure a coherent approach for London. Any final proposition will be put to individual boroughs for their consideration.

## **Wider Contextual Considerations**

4. Separate and subsequent to the ALDCS led review, an ISOS Partnership report, commissioned by London Councils and reported to Leaders' Committee in October 2019, identified that children's services across

London are facing an unsustainable level of financial risk in relation to commissioning of high cost, low incidence placements, and recommended that there needs to be concerted and collaborative action to ensure that such services are better addressing the needs of children and are delivered in sustainable way.

5. Furthermore, Her Majesty's Chief Inspector's Annual Report to Parliament, presented to the Secretary of State for Education on 21 January 2020, raised concerns about the increasing use of unregulated provision and the reduction in quality of existing SCHs. In February 2020, the Department for Education published a consultation on the use of unregulated provision for children in care and care leavers.
6. Finally, the Scottish independent care review, published in early 2020, highlighted changes required to the Scottish care system for children, which included recommending the need to stop selling care placements to local authorities outside of Scotland with a 10-year timeframe outlined for achieving their aims. This means that by March 2030, the ability to place London children in a Scottish SCH may cease to be possible.

### **Demand and Needs Analysis**

7. As part of the SCH review, a data analysis of placements was undertaken in order to better understand London's needs. The findings showed:
  - High numbers of London requests for secure placements, with an estimated average of 33 CYP accommodated in SCHs at any point of time, approximately two thirds welfare and one third justice placements. For welfare placements the average is 4.2 months and for justice placements it is 2.5 months. However, this can vary significantly, from 28 days to more than a year.
  - Of 121 welfare requests from London across 12 months, less than half resulted in a placement, with many requests withdrawn (e.g. through the Court Order not being granted or missing child). While the options for cases where the request is withdrawn are mixed, they include bespoke wraparound support being put in place with high staff ratios.

- A high degree of variability across London, with two boroughs averaging more than one welfare request a month and up to eight boroughs not making any requests at all during the period of review. There is similarly high variation across justice placements. Data for the period reviewed only covered a 12 month period. However, it is known that in some boroughs where no request was made, placements were requested outside of that 12 month window. In other boroughs, there has been a policy decision not to use secure placements (or to use only as a last resort). Use of secure placements also varies due to other factors, including the quality and availability of local non-secure accommodation, and some boroughs have also built capacity (for example, specialist fostering and community support), which mean there is more capacity to dedicate to working to prevent placements being required.
- An average distance from home of 192 miles for welfare placements, providing geographical barriers to work with families and local services.
- The majority of welfare placements are aged 14-16, of mixed gender and with an overrepresentation from BAME groups. Whilst justice placements have a similar ethnic profile, the majority are male and younger than those placed on welfare grounds.
- Substance misuse, offending and challenging behaviours are prominent complexities displayed. Almost all females have CSE identified, whilst gang affiliation is common amongst males. In some cases, it is acknowledged that a London placement would not be suitable and that it may be more appropriate to place outside of London.

### **Borough Engagement**

8. A Steering Group has overseen the review, made up of joint Senior Responsible Officers from NHS England (London) (Sinéad Dervin, Head of Health and Justice Team) and ALDCS (Martin Pratt, Chair of ALDCS and Executive Director Supporting People, London Borough of Camden).
9. Other members include representatives from:

- London Borough of Barking and Dagenham
- London Borough of Barnet
- London Borough of Bexley
- London Borough of Croydon
- London Borough of Hillingdon
- London Borough of Lambeth
- London Borough of Newham
- London Borough of Sutton
- Department for Education (DfE)
- Mayor's Office for Police and Crime (MOPAC)
- NHS England (National)

10. In addition, a wide range of stakeholders have been engaged in the review, including local authorities, Secure Children's Home managers, practitioners and children and young people with lived experience of Secure Children's Homes in order to better understand existing service offers, care pathways, needs and challenges.

11. Common themes revealed included:

- Planning for both the secure placement itself, as well as discharge can be rushed, which impacts on outcomes and the children and young people's perception of their situation.
- Effective options for transitioning out of SCH are often limited due to low capacity of stepdown provision. The location of such provision is also often remote from the SCH.
- There is a gap in provision for those 'on the edge of secure', where early and intensive intervention could possibly prevent a secure placement being required. For such children and young people it can be difficult to find a placement due to their history – this is a small cohort of children and young people, and more work is needed to identify this demand and develop options to support this cohort. These children were outside the scope of the review.
- Some boroughs have had to resort to bespoke wraparound arrangements with high staff ratios to support children and young



people where no other appropriate provision has been available. It is reported that this can cost between £10,000 and £15,000 per annum.

- Consistent and regular communication between stakeholders and with children and young people is critical for effective planning and continuity of care and interventions following a secure placement. For example, effective communication between social workers, the Youth Offending Team, and others within the local authority area, with the SCH staff is important to ensuring that care plans continue and interventions are maintained when the child returns to the community.
- A high proportion of children and young people placed in SCHs either have an Education and Health Care Plan, or require one. A large proportion of those placed have lost engagement with education from an early age.
- There is growing evidence that secure provision and the services provided are currently insufficient to support improved outcomes. Emerging models need to look more closely at the whole pathway.

## **Options Appraisal**

12. The analysis and engagement provided evidence of a need for London to find a better approach to supporting some of the capital's most vulnerable children and young people. As part of the approach the review developed a set of options and a methodology and criteria for assessing those options. The options included elements of secure and non-secure provision to support the identified need:

- Small (8-12 place), large (20-24 place) or two small SCHs in, or close to, London.
- Addition of a step-down facility for children and young people transitioning from a secure placement.
- Addition of a specialised open facility for children and young people stepping down and those in care that need targeted support to prevent a secure placement.

13. The options were evaluated against the assessment criteria (see appendix 1), which looked at supporting outcomes across the whole pathway from

prevention and accessibility of secure placements to continuity of care and supporting transitions into the community. Based upon the options appraisal and views received, the Steering Group has recommended that London:

- Commissions the design and build of two 12 bedded secure children's homes within, or close to, London in separate geographical locations to be allocated for welfare placements.
- Designs each secure children's home to allow for an additional 6 beds each to be added to accommodate justice placements, subject to gaining in principle agreement from Ministry of Justice.
- Additionally commissions two step-down units of 6 places, each linked to each SCH, to support children and young people transitioning out of secure accommodation.
- Undertakes further work to scope the requirements for provision to support the 'edge of secure' cohort and determine the number of beds required.

## **Commissioning Arrangements**

14. In order to support the chosen option, the following principles have been proposed by the Steering Group:

- A partnership of London boroughs should be established via a separate pan-London legal entity, to remove risk from a single borough and facilitate a collaborative approach across London.
- A new entity should act as the purchaser and commission a provider to deliver the service.
- Specification based on best practice to be co-designed with an expert reference group.
- A contract model should be developed to share the risk between boroughs and the provider and incentivise quality of care and education.

15. Following legal advice, the project Steering Group has recommended that a company limited by guarantee, open to all the London boroughs, should

be established as the Pan-London Vehicle (PLV), with other relevant public bodies as stakeholders e.g. NHSE/I, MOPAC.

### **Wider Placements Pressures in London**

16. The need to consider a pan-London vehicle for addressing the difficulties experienced by boroughs trying to place children in Secure Children's Homes reflects just one area where children's outcomes and boroughs' financial efficiency might be improved by new ways of collaboration. As a result, the work on SCHs is being considered alongside other areas where collaboration, including through a pan-London vehicle, offers London a chance to make improvements in outcomes and better use of public finances. Leaders' Committee is asked to comment on this work advising on how it progresses.
17. Longer term, findings from research by ISOS, commissioned by London Councils and published in 2019, highlighted a pressing need to improve the commissioning of high cost, low incidence placements. Action in this area was discussed and agreed by Leaders' Committee in October 2019. Work to establish a PLV focused on commissioning SCH might, over time, be part of the solution to delivering improved outcomes and more efficiency in relation to the placement of children with high cost, low incidence needs.
18. Although the most developed proposals relate to secure provision, London Directors are also exploring other proposals which might improve the supply of other provision for London's children with the most complex needs.
19. Directors of Children's Services are in discussion with the Youth Justice Board with regard to resettlement and alternatives to youth custody, and are seeking to secure support for a new model of provision to be made available at the end of 2020/21, subject to funding. The proposal under consideration would be designed to offer provision as an alternative to custody through a psychologically informed approach. The approach is aimed at reducing the number of London children in custody by 20,

through meeting their needs in alternative provision in four sites across London. This would be developed on a phased basis, with the North London sub region proposed as the first phase.

20. The resettlement and alternative to youth custody proposal could have a financial benefit to the public purse from the lower cost of a placement in the alternative provision when compared to the cost of a Young Offender Institution placement and the high cost of resettlement provision post-custody. The emerging model offers provision at less than the cost of a Young Offender Institution and, potentially, with significantly better outcomes for children and the communities they live in in terms of reduced reoffending. However, whilst the financial benefits of alternatives to remand and post-custody resettlement would accrue to local authorities, the financial benefits of reduced custodial sentences would accrue to central government. This could increase short term costs for local authorities, but with medium to long term benefits both financially and in improved outcomes for children.

21. In addition to the work described in relation to alternatives to youth custody, London Directors of Children's Services are also in the early stages of developing thinking in relation to possible improvements in placement outcomes and financial efficiency for -

- Complex adolescents – To reduce the shortfall in provision in London for complex adolescents.
- Children with Autistic Spectrum Disorder/Social, Emotional and Mental Health needs (ASD/SEMH) –
  - To reduce the shortfall in provision for children with ASD/SEMH.
  - To improve outcomes for children with ASD/SEMH.
  - To reduce the number of children requiring residential placements and intensive support packages.
  - To reduce the number of emergency placements
  - To reduce the demand and usage of Tier 4 inpatient mental health beds in London.

- Mother and baby residential – To reduce the shortfall in provision for court ordered mother and baby residential assessments.
22. The potential benefits of these other forms of pan-London collaboration are at an earlier stage of development when compared to the work on Secure Children's Homes. Nonetheless, the evidence so far suggests the possibility of improvements in both quality and cost effectiveness from further exploring these options. Leaders Committee is asked to give a steer on this work.

### **Next Steps**

23. An outline business case for the core work on secure accommodation was submitted to DfE at the end of March. In July 2019, the DfE confirmed London's submission had been successful, confirming that the DfE commitment to work with London to provide financial support in setting up new provision in the Capital
24. A business plan has been prepared outlining how the PLV will be governed, funded and operate. It includes the PLV's remit with respect to the construction of the SCHs and the subsequent service provision, including SCH placement fee options and financial implications.
25. With the commitment of DfE to fund the provision of SCHs, establishing a PLV to commission provision represents an important opportunity for London to invest an estimated £50 to 70million in its most vulnerable children. However, while the investment of the DfE is critical, there will be costs to boroughs in establishing and maintaining a new PLV; the case for making an upfront financial commitment is based on the future potential for London boroughs to save money, deliver an improved offer to this group of highly vulnerable children and improve outcomes.
26. In order to establish the required PLV, the following steps will need to be undertaken:
- The development of a borough-led model of delivering the PLV;

- London boroughs will be invited to become members, with each borough taking the proposition through their councils' internal governance and decision-making processes to become co-owners of the PLV;
- Establishing the PLV, including recruitment (via secondment); and
- Identifying possible sites for the new SCHs.

## **Recommendations**

Leaders' Committee is asked to endorse the work being undertaken by the London Directors of Children's Services and to comment on the proposals being developed.

## **Financial Implications for London Councils**

There are no financial implications for London Councils resulting from this report. Any financial implications for boroughs would need to be set out in additional reports further consideration by individual boroughs.

## **Legal Implications for London Councils**

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

## **Equalities implications for London Councils**

There are no equalities implications for London Councils.

### **Evaluation Criteria**

**Early intervention/ prevention** – The impact that the option will have on preventing the need for a secure placement, reducing demand and repeat referrals through early intervention and support

**Accessibility of a secure placement** – The impact that the option will have on improving accessibility to secure welfare provision for London's CYP in relation to capacity, distance and matching (e.g. for CYP with gang affiliation). There are an average of 18 open referrals not being placed due to a national shortage of capacity and 21 welfare placements from London

**Continuity of care and relationships** – The impact that the option will have on enabling better continuity of care for CYP placed within a secure placement. This will be positively impacted by placements closer to home. The current average distance from home is 192 miles

**Care and education in the placement** – The impact that the option will have on the level of care, education and wider support that is provided to CYP whilst they are placed within a secure children's home, such that they can feel safe and develop positive behaviours

**Transition from secure to community** – The impact that the option will have on supporting transitions from a secure placement and enabling positive resettlement back into the community

**Value for money** – The total cost for London under each option (taking into account that depending on the option some CYP may still need to be placed under current provision) and value for money implications of each option, particularly around better use of resources to deliver an improved or equivalent level of care.

**Initial investment** – Many of the options presented will require an initial one-off investment of funds from commissioners, including local government, central government and/or the NHS

**Deliverability** – The deliverability of each option in terms of availability of land and resources, timelines, commissioning arrangements, governance required and long-term sustainability

# Leaders' Committee

## Pledges to Londoners - Update on Progress in Supporting Business and Inclusive Growth

Item no: 9

**Report by:** Dianna Neal      **Job title:** Strategic Lead: Enterprise, Economy and Skills

**Date:** 13 October 2020

**Contact Officer:** Dianna Neal

**Telephone:** 020 7934 9819      **Email:** [Dianna.Neal@londoncouncils.gov.uk](mailto:Dianna.Neal@londoncouncils.gov.uk)

---

**Summary:** This paper provides an update on the supporting business and inclusive growth pledges agreed by Leaders' Committee as part of its wider Pledges to Londoners.

**Recommendations:** Leaders' Committee is asked to note and comment on this report.



# Pledges to Londoners – Update on supporting business and inclusive growth

## Introduction

1. Pledges to Londoners states that London is the business capital of Europe and the most outward looking global city on the planet. All London boroughs are committed to nurturing that success and ensuring that all Londoners can share in it. Boroughs aspire to be the first choice of every London business when it wants a conversation with London government.
2. Since the Pledges were agreed, the Covid-19 pandemic has had a significant detrimental impact on London's economy and labour market. Most London sectors will experience historic downturns in GVA and jobs growth, with sectors such as accommodation and food and arts, entertainment and recreation particularly hard hit<sup>1</sup>. In August, London had a total of 1.39 million furlough employments and just under half a million Londoners (498,000) were on the Self-Employed Income Support Scheme (SEISS). In July 2020, 890,000 Londoners were claiming Universal Credit, an increase of 461,000 since March 2020<sup>2</sup>. Women, young people and the lowest paid are more likely to work in sectors most affected by the pandemic. Whilst the furlough scheme will be replaced by the Jobs Support Scheme and a limited extension of the SEISS in November, unemployment in London is likely to increase further. Before the pandemic, there were inequalities within London's labour market, with young people, BAME and disabled Londoners all experiencing lower than average employment rates. These inequalities are likely to be exacerbated in a shrinking labour market.
3. The following Pledges were adopted by Leaders in the supporting business and inclusive growth policy areas:
  - Co-designing a Charter for Business with London businesses, improving London as a place to do business, promoting inclusive growth and positive dialogue.
  - Lobbying to ensure that post-Brexit development funding provides at least as much support to London as the current EU ESIF programme.

---

<sup>1</sup> Source: GLA Economics estimates

<sup>2</sup> Source: DWP

- Working alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.
  - Working towards a better start for young people through improved careers advice, work experience for every young Londoner and building the case to extend skills devolution to include 14-19 provision.
  - Working in partnership with London businesses to help government reform the apprenticeship levy; including using London levy underspends to support training within London.
  - Creating a comprehensive local welfare support offer for those transferring to Universal Credit or at risk of homelessness, supported by work with government to develop more effective funding models based on invest to save principles.
  - Supporting 55,000 disadvantaged Londoners towards a job through the devolved employment programme agreed with the DWP.
  - Lobbying government for co-location and joint working of council and Jobcentre Plus services.
4. The Pledges are still relevant and more important than ever to achieve, given the challenging economic circumstances facing London. London Councils' business plan has been updated to reflect the impact of Covid-19 and the economic recovery work we will undertake but this work will continue to deliver the Pledges as well.
5. The delivery of these Pledges is being overseen by the Executive member for Business, Europe and Good Growth, the Executive member for Skills and Employment and the Executive member for Welfare, Empowerment and Inclusion. They reflect shared pan-London priorities for Leaders over the next two years but the list does not reflect the entirety of London Councils work around the economy, skills, employment and welfare for this period. This report provides an update on progress since the last report to Leaders' Committee on work around the Pledges in March 2020.

## **Progress Update**

### Supporting business

- i. Co-designing a Charter for Business with London businesses, improving London as a place to do business, promoting inclusive growth and positive dialogue.
  - ii. Lobbying to ensure that post-Brexit development funding provides at least as much support to London as the current EU ESIF programme.
6. London Councils developed our Pledges to Business and these were agreed by Leaders' Committee in December 2019. They were due to be launched on 18 March 2020 but this was cancelled due to lockdown. London Councils officers have updated the Pledges to Business to reflect the experience and economic impact of the Covid-19 pandemic. We are consulting London Councils' lead members for business and will be discussing the updated Pledges with lead members for business and economic development in the boroughs, along with key business organisations who have previously supported the Pledges, including London First, the Federation of Small Businesses in London and the London Chamber of Commerce and Industry (LCCI). We plan to launch the revised Pledges for Business in December 2020. Boroughs have renewed their relationships with local businesses during the Covid-19 pandemic, distributing over £1.7bn of government grants to London businesses and working closely with them to safely re-open, ensuring they met the relevant public health guidance. The Pledges will consider how boroughs can use the levers they have to support local businesses in these challenging times, for example, through their procurement policy and supply chains. Boroughs will also be able to engage with businesses to encourage them to create high quality jobs when London moves into economic recovery, supporting the Good Work mission described below. We will be holding a series of events to encourage boroughs to actively use the Pledges to build on these strengthened relationships and share good practice.
7. London Councils, the Mayor and the LEAP have jointly called on the government for the UK Shared Prosperity Fund (UKSPF) to be a less bureaucratic, fully devolved to London government and flexible single pot of long-term funding, with allocations based on a fair measure of need. This position stands and has been repeated to UK government officials and in London Councils' CSR submission.

UKSPF will be crucial in supporting London's longer-term economic recovery plans when European funding ends in 2022/23. The government has not publicly consulted on UKSPF, as it once planned to do, and states that more details on UKSPF will come in the CSR and the Devolution White Paper.

### Skills and employment

- i. Working alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.
  - ii. Working towards a better start for young people through improved careers advice, work experience for every young Londoner and building the case to extend skills devolution to include 14-19 provision.
  - iii. Working in partnership with London businesses to help government reform the apprenticeship levy; including using London levy underspends to support training within London.
  - iv. Supporting 55,000 disadvantaged Londoners towards a job through the devolved employment programme agreed with the DWP.
  - v. Lobbying government for co-location and joint working of council and Jobcentre Plus services.
8. London Councils has been working with the GLA to develop plans for London's recovery, taking a mission-based approach. One of the eight recovery missions is 'Helping Londoners into good work: Support Londoners into good jobs with a focus on sectors key to London's recovery'. London Councils has worked closely with boroughs and Sub-Regional Partnerships (SRPs) to help shape this Good Work mission. We held two borough workshops in June and September 2020 and established three borough led task and finish groups<sup>3</sup> to identify potential activities for this mission. London Councils and the GLA will work with boroughs and other stakeholders to co-design and develop an action plan for the Good Work mission over the next two months. It will consider how the skills and employment systems, the Adult Education Budget (AEB) and other funding can support London's economic recovery, providing the right skills for unemployed Londoners and

---

<sup>3</sup> These were: newly unemployed; a youth offer and sector skills (green economy, health and care)

businesses. The action plan will include lobbying and advocacy activity and this is likely to reinforce the proposals made jointly by London Councils and the Mayor in the [Skills for Londoners: A call for action](#) - for a new devolution and funding deal from government to establish an integrated, properly funded skills and employment system in London. The call for action makes the case for further devolution around 16-18 skills provision, careers advice, apprenticeships, employment support and the UKSPF.

9. The GLA is continuing to explore the feasibility of a London Learner Survey to capture and measure some of these outcomes. London Councils is highlighting the need for this survey to be large enough to provide robust borough level data. This is potentially an important first step towards moving to a skills system focused on outcomes, not solely qualifications.
10. The government announced its Plan for Jobs in July 2020 outlining initiatives to deal with rising unemployment. These included the Kickstart programme which will provide 300-350,000 jobs for young people at the highest risk of long-term unemployment nationally. London Councils lobbied for the Kickstart scheme to be devolved in London. However, it is a national scheme. London Councils has organised two information sessions for boroughs with DWP on the scheme and is exploring whether to develop a statement of what of good Kickstart placement would look like in London, to support employers and try to ensure a quality experience for young Londoners on the scheme.
11. The Plan for Jobs also announced the expansion of the Work and Health Programme (WHP), which has been partially devolved in London. The WHP Job Entry Targeted Support (JETS) will provide employment support for Londoners who have been unemployed for three months or more. There will be four programmes across London managed by four Sub-Regional Partnerships (SRPs). WHP JETs will start in October 2020 and run until September 2021, supporting at least 30,000 Londoners. London Councils has been working with the SRPs and the GLA to make a stronger link to skills provision than in the national model. The Mayor has been allocated an additional £14m of AEB for High Value Courses and sector-based work academies by government and has added an additional strand for this funding which allows providers to support referrals from the Work and Health Programme. This is to incentivise skills providers to engage

with WHP JETS. The four Work and Health Programmes continue to run in London, focusing on supporting more disadvantaged Londoners into work.

12. London Councils continues to lobby government for fully devolved employment programmes as part of the Plan for Jobs, including a proposed future programme for long term unemployed people, where integration to local services will be crucial to its success.
13. The Plan for Jobs also announced a considerable expansion in the number of JCP work coaches and this has significantly increased the opportunity for co-location of council and JCP services, as DWP needs additional space. London Councils is planning to bring together officers who has agreed some early deals with JCP to share experience with other boroughs and to see if we can develop some common asks of JCP around co-location. The aim is develop greater joint working between borough and JCP employment services in the longer term, over and above physical co-location.

### Welfare

- i. Creating a comprehensive local welfare support offer for those transferring to Universal Credit or at risk of homelessness, supported by work with government to develop more effective funding models based on invest to save principles.
14. The initial work on this pledge, *Supporting Low Income Londoners: the future of Local Welfare*, was published in Autumn 2019. A second report, *From dependency to self-sufficiency: a new model of Local Welfare* was due to be published in spring 2020 but was postponed due to COVID-19. The report will be redrafted to reflect the impact of the COVID-19 and include examples of best practice and innovative approaches from boroughs' support for vulnerable households through the pandemic.
15. The London Recovery Board has agreed a 'Robust Safety Net' mission which commits that '*By 2025, every Londoner is able to access the support they need to prevent financial hardship*'. This mission is co-chaired by Fran Beasley, the London Chief Executive. Lead on welfare and delivery of the pledge will be integrated into the mission's work plan and outcomes.

## **Next Steps**

16. London Councils officers and Executive members will continue to work on supporting the implementation of the pledges as outlined in this report and will keep Leaders updated on a regular basis.

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

## **Financial implications for London Councils**

None

## **Legal implications for London Councils**

None

## **Equalities implications for London Councils**

None

# Leaders' Committee

## Minutes and Summaries

Item no: 10

**Report by:** Lisa Dominic    **Job title:** Senior Governance Support Officer  
**Date:** 13 October 2020  
**Contact Officer:** Christiane Jenkins  
**Telephone:** 020 7934 9540    **Email:** [Christiane.jenkins@londoncouncils.gov.uk](mailto:Christiane.jenkins@londoncouncils.gov.uk)

---

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

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

- Executive Minutes – 19 May 2020
- TEC Minutes – 11 June 2020
- Executive Minutes – 16 June 2020
- Audit Committee Minutes – 17 June 2020
- Grants Minutes – 8 July 2020
- TEC Executive Minutes – 16 July 2020
- Audit Committee Minutes – 17 September 2020



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

**Tuesday 19<sup>th</sup> May 2020 09:30 am**

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

### **Present**

<b>Member</b>	<b>Position</b>
Cllr Peter John OBE	Chair
Cllr Teresa O'Neill OBE	
Cllr Julian Bell	
Cllr Darren Rodwell	
Cllr Georgia Gould	
Cllr Ray Puddifoot MBE	
Cllr Muhammed Butt	
Cllr Ruth Dombey	
Cllr Clare Coghill	
Cllr Danny Thorpe	
Cllr Elizabeth Campbell	
Catherine McGuinness	

Cllr Ravi Govindia CBE was in attendance.

London Councils officers were in attendance.

The Chair welcomed everyone to London Councils' first formal 'virtual' meeting, and reminded members of the 'housekeeping' rules.

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

No apologies for absence were tendered.

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

Cllr Bell declared an interest in that he was a member of the Transport for London (TfL) Board.

### **3. Minutes of the Executive Meeting held on 3<sup>rd</sup> March 2020**

The minutes of the Executive meeting held on 3<sup>rd</sup> March 2020 were agreed as an accurate record of the meeting

### **4. London Local Government Resilience Response to the Covid 19 Pandemic**

The Chief Executive introduced the report. It:

- covered the range of activities undertaken and the context for the response in terms of the Civil Contingencies Act 2004;
- summarised the work of the London co-ordination arrangements which covered sub regional structures, and 'task and finish' group work as well as its links to the Strategic Co-ordination Group;
- referred to work done in individual boroughs and by London Councils.

Members raised points about:

- funding of future PPE provision;
- funding of hospital discharges and the need to try and reach a concerted position;
- the degree of political involvement in the first stages of the response, which should be picked up as part of review activity, alongside the way members had worked together with chief executives at different spatial levels;
- the potential for an Adult Social Care portfolio holders meeting. The relevant portfolio holder indicated that he thought that the priority should be on LHB Leaders working together in the first instance to consider the lessons from the pandemic so far for future integration of health and social care;

- the response to the crisis had demonstrated to Government the integral role of London boroughs in terms of understanding the needs of residents and supporting them.

The Chair made the following responses to the points made by members:

- he agreed with the value brought about by Group Leader discussions with the SCG Co-Chairs. He also agreed that review activity would need to build on previous work on London local authority resilience from 2017;
- he recognised the importance of both the PPE and NHS discharge issues.

The Chief Executive added that London Councils was undertaking some work with boroughs on hospital discharges and should this reach an agreed position it would be reported to members.

He also noted the Executive's comments about review activity.

The Chair thanked members for their comments and members noted the report.

## **5. Covid-19 – Recovery/Transition**

The Chief Executive introduced the report.

The Chair reported that as well as the framework for Transition which, it was envisaged, would be overseen by a structure led by the Secretary of State and the Mayor, and on which London local government would have clear representation, there was also a London Recovery structure envisaged that would be jointly led by the Mayor and London Councils.

Members made the following comments in relation to the paper:

- it was important that the planned lobbying for a Climate Emergency Board continued, although integrated into the recovery model;

- the interconnectedness between the London economy and the national one should be emphasised. Also, transport considerations were crucial: it was important to enable people to return to the workplace safely because of its criticality to London business;
- the issues of culture and tourism had not been included in the paper;
- the comments on the role of sub regions were noted but those arrangements did not always align with the day to day work of boroughs, and also did not reflect partnership work carried out with others outside of the sub regional framework;
- an alternative should be found to the word 'reconstitution';
- regarding the issue of the financial challenge facing boroughs, in terms of lost income and the amount of unbudgeted spending required, in making a case to the Government, both for financial assistance and future investment, boroughs should be clear about their recovery and renewal 'offer' to the Government and the national economic recovery;
- there was a need to revisit the work being carried out by Localis, because of the changing context as a result of the pandemic.

The Chair commented that one of the advantages of the government being a co-sponsor of the Transition structures would be to raise the salience of the issues that boroughs were facing.

The Chair also reminded party groups to share their thinking on recovery priorities.

The Chair agreed that some thinking would be done to replace the word 'reconstitution' in the paper.

The Chief Executive also responded to members' comments, confirming that:

- there was an agreed Protocol covering the way London Councils worked collectively with London Chief Executives;
- the evidence base was envisaged as the first step of the recovery work;
- he had met with Localis on the subject of their work in a changed context;

- there was a recognition that different sub-regional structures would apply for different activities and in some cases were not relevant to the work that would proceed in any case;
- he had met with London and Partners on the issue of economic recovery and links to tourism and culture.

The Chair thanked members for their contributions and felt that they would help Leaders and Officers in developing future work.

## **6. Proposed Protocol for London Councils Virtual Meetings**

The Director of Corporate Governance introduced the report, informing members that the Coronavirus Act 2020 allowed Councils for the first time to hold decision making meetings virtually. The Regulations required a number of elements to be put in place to achieve compliance, which had been captured in a proposed Protocol attached to the report.

Members' views and comments on the report, the Protocol and a revised schedule of future meetings were sought. The schedule would normally have been reported to Leaders Committee and TEC AGMs in June; however it was proposed to move the AGMs to the autumn, and also to change the proposed next meeting of Leaders' Committee from 2<sup>nd</sup> June to 7<sup>th</sup> July, with the 2<sup>nd</sup> June meeting offered as a Leaders' call instead of the next scheduled call on 29<sup>th</sup> May. If accepted by Executive, it was proposed to take the report, including the Protocol and the schedule of dates, to the next Leaders' Committee meeting for formal adoption.

Cllr O'Neill supported the paper and felt that it would be useful for other boroughs to 'sense check' their processes against the report. Cllr O'Neill had previously suggested such an arrangement to be introduced, to make the best use of members' time, and was pleased to see that this was now in place.

Cllr Dombey asked about the practicality of taking a 'roll call' at the beginning of meetings. It was confirmed that there was a legal requirement to determine those present at meetings, and it was agreed as an alternative that the Chair could physically check who was on the call to ensure quoracy and confirm attendance.

Members agreed the report, the Protocol and the schedule of dates, subject to the amendment within the Protocol regarding the requirement for a roll call, which the Director of Corporate Governance was given permission to amend without referring back to the Executive.

## **7. Nominations to Outside Bodies**

The Chief Executive informed members that the report was presented to members annually, providing information on nominations to outside bodies: the nominations process was delegated to the Chief Executive and discharged against a set of principles contained in the report, including the need to achieve some broad proportionality reflecting the political parties. The report provided the present position.

Cllr Bell confirmed that there remained a number of TEC vacancies which needed to be filled before August. However, the schedule of meetings contained in the previous item would now provide the ability to fill the vacancies within the timescales.

Members noted the report.

The meeting closed at 10.46.

---

## Action points

	Item	Action by	Progress
4.	<b>London Local Government Resilience Response to the Covid 19 Pandemic</b> <ul style="list-style-type: none"><li>• Analysis of NHS hospital discharge costs results to be shared with members</li><li>• Discuss with LAP on resilience the issue of emergency response governance structures</li></ul>	<b>Chief Executive</b>  <b>Chief Executive</b>	Ongoing  Ongoing
6.	<b>Proposed Protocol for London Councils Virtual Meetings</b> <ul style="list-style-type: none"><li>• Protocol to be amended to remove the need to take a roll call at the start of the meeting and substitute with alternative guidance</li></ul>	<b>Director of Corporate Governance</b>	Ongoing

# Leaders' Committee

## Report from the Transport & Environment Committee – 11 June 2020

Item no:

**Report by:** Alan Edwards      **Job title:** Governance Manager  
**Date:** 13 October 2020  
**Contact Officer:** Alan Edwards  
**Telephone:** 020 7934 9911      **Email:** Alan.e@londoncouncils.gov.uk

---

**Summary:** Summary of the minutes of the virtual London Councils' Transport & Environment Committee held on 11 June 2020.

**Recommendations:** For information.

**Attendance:** Cllr Syed Ghani (LB Barking & Dagenham), Cllr Peter Zinkin (LB Barnet – Deputy), Cllr Peter Craske (LB Bexley), Cllr Krupa Sheth (LB Brent), Cllr William Huntington-Thresher (LB Bromley), Cllr Adam Harrison (LB Camden), Cllr Stuart King (LB Croydon), Cllr Julian Bell (LB Ealing), Cllr Sizwe James (LB Greenwich), Cllr Jon Burke (LB Hackney), Cllr Wesley Harcourt (LB Hammersmith & Fulham), Cllr Kirsten Hearn (LB Haringey), Cllr Varsha Parmar (LB Harrow), Cllr Hanif Khan (LB Hounslow), Cllr Rowena Champion (LB Islington), Cllr Johnny Thalassites (LB Kensington & Chelsea), Cllr Hilary Gander (LB Kingston-upon-Thames), Cllr Claire Holland (LB Lambeth – Chair), Cllr Sophie McGeevor (LB Lewisham), Cllr Martin Whelton (LB Merton), Cllr James Asser (LB Newham), Cllr John Howard (LB Redbridge), Cllr Richard Livingstone (LB Southwark), Cllr Manuel Abellan (LB Sutton), Cllr Clyde Loakes (LB Waltham Forest), Cllr Richard Field (LB Wandsworth), Cllr Tim Mitchell (City of Westminster), and Alex Williams (Transport for London).

### 1. Housekeeping Rules

Spencer Palmer, Director of Transport and Mobility, highlighted some housekeeping rules for the first virtual TEC meeting. Spencer Palmer reminded members to mute their microphones and turn off their videos when they were not speaking.

### 2. Chair's Welcome

Councillor Bell announced he was standing down as Chair of TEC and as a member of the London Councils' Executive Committee. He said that he would still remain the TEC representative for the borough of Ealing. Councillor Bell thanked members for all their support on TEC over the past five years. He also thanked Katharina Winbeck and Spencer Palmer for all their work on TEC. Councillor Bell said that it had been an honour to serve on TEC during this period.

### 3. Apologies for Absence:

Alan Edwards, Governance Manager, London Councils, confirmed that the TEC meeting was quorate, and announced the following apologies: Cllr Dean Cohen (LB Barnet), and Alastair Moss (City of London Corporation).



#### **4. Declarations of Interest (in addition to those supplied on the sheet)**

Freedom Pass: Councillor Peter Zinkin (LB Barnet)

North London Waste Authority: Councillor Peter Zinkin (LB Barnet)

Thames Regional Flood & Coastal Committee: Councillor Peter Zinkin (LB Barnet)

TfL Board Member: Councillor Julian Bell (LB Ealing)

Thames & London Waterways Forum: Councillor Richard Livingstone (LB Southwark)

London Road Safety Council: Councillor Krupa Sheth (LB Brent) and Councillor Sizwe James (RB Greenwich).

#### **5. Election of New Chair of TEC**

The Labour, Conservative & Liberal Democrat groups thanked Councillor Bell for all his dedicated work on TEC over the past five years. Councillor Loakes nominated Councillor Claire Holland as the new Chair of TEC. Councillor Mitchell seconded Councillor Holland's nomination. Councillor Claire Holland was elected as Chair of TEC.

#### **6. Safer Speeds Review – Oral Update from DS Andrew Cox, Met Police**

DS Andrew Cox, from the Met Police, introduced the item and made some of the following comments:

- Noted that speeding had become much higher than usual since the lockdown due to there being less traffic on the roads since the Covid-19 outbreak (speeds of 163mph had been recorded in 70mph speed limits, and 134mph in 40mph speed limits).
- Traffic officers' number one priority was speeding enforcement and enforcement was taking place 24 hours a day, seven days a week.
- Roads that showed the highest risks of speeding had been identified. Average speeds were above the limits on 20, 40 and 60mph roads.
- Boroughs should let DS Cox know if they wanted to be part of the Independent Advisory Group
- A London Road Crime team had been set-up, consisting of 15 to 20 officers that were responsible for tackling the most dangerous drivers (up to 120 a day).

A Q and A session took place

The Committee: **(i)** agreed that boroughs would let DS Cox know if they wanted to be part of the Independent Advisory Group; **(ii)** noted that a further update from DS Cox would be forthcoming with regards to mobile cameras; **(iii)** noted that DS Cox agreed to look at "Auto Speed Watch" offline and to provide an update on this; **(iv)** agreed for the Chair to consult with TEC vice chairs and send a letter to the DfT minister to lobby for boroughs to take over some enforcement of speeding on local roads; and **(v)** agreed that DS Cox would send boroughs any breakdowns the Met Police had on speeding in individual boroughs, including the breakdown already available for May 2020.

#### **7. Flooding Investment in London – Introduction by Robert Van de Noort, Chair of Thames Regional Flood & Coastal Committee (RFCC)**

Robert Van de Noort introduced the report on flooding investment and made the following comments:

- The number one risk before the Covid-19 outbreak was flooding.
- This report was the first one since the update to the TEC meeting on 5 December 2019, and highlighted medium and long term projects.
- The Tidal Thames work was critical in keeping London safe and in preparing for a rise in sea levels due to climate change. It was also important to maintain control of the current system until a new Thames Barrier was built.
- London Strategic SUDS pilot – there would be wetter winters and drier summers in the future and this would cause more local floods in the winter.
- A new 6-year programme would be developed from 2022. It was hoped to be able to continue with this programme and develop new schemes. The easier schemes had already been carried out at low cost.
- Once Covid-19 was over, a multi-plan could then be developed. A local levy of 1.99% was now being asked for, and a steer from TEC members was being invited.

A Q and A session took place.

The Committee provided a steer to members who sat on the Thames RFCC to recommend a levy increase of 1.99 per cent for one year in 2021/22.

## **8. Climate Change Action Update**

The Committee received a report that updated TEC on the work that has been taking place on climate change programme and projects, and the development of approaches that could secure a green recovery from Covid-19.

Kate Hand, Head of Climate Change, London Councils, introduced the report. She said that the report set out the proposals for a green recovery from Covid-19, and why this was a sound strategy. She said that Covid-19 had transformed work and travel in London, which had led to reductions in air pollution and carbon emissions, and more active travel. Kate Hand said a green recovery from the outbreak also had support from businesses and economists, and also from residents. She reported that recent LGA research indicated significant potential for green jobs, including 80,000 in London by 2030.

Councillor Mitchell thanked Kate Hand and colleagues for this very important work. He said that the City of Westminster was looking forward to working on the seven priorities. However, the Conservative Group view was that it was keen to respect the sovereignty of individual boroughs. Kate Hand said that the sovereignty of boroughs was recognised, and London Councils was still developing the green recovery proposals.

The Committee: **(i)** agreed to lobby hard for green recovery to be a priority at the London Recovery Board; **(ii)** agreed that the boroughs who host the climate priorities going forward would include a good spread of boroughs (inner and outer, and across political groups); **(iii)** agreed that members could forward any comments they had on the green recovery proposals in the Climate Change Action report to Kate Hand; **(iv)** discussed support for a green recovery from Covid-19, and support for an environment workstream under the London Recovery Board with their Leaders; and **(v)** agreed to advocate for London's Transition and Recovery Boards to have climate action at their heart.

## **9. Future Mobility Update**

The Committee received a report that updated TEC on some of London Councils' activities on the future mobility agenda.

Katharina Winbeck, Strategic Lead, Transport and Environment, London Councils, introduced the report, which covered the following strands: response to the future of transport regulatory review, Government's announcement to bring forward e-scooter trials, and Pan-London byelaw for dockless vehicles. She said that task and finish work groups had been set-up to look at these issues and were discussed in detail in the TEC Executive Sub-Group meetings.

Katharina Winbeck said that DfT had published a document on e-scooters, and London Councils had been looking into having e-scooter trials. She said that there had been significant interest by the boroughs in having these trials (five boroughs had confirmed that they were not interested). Co-ordination would be taking place between London Councils and TfL to see whether e-scooters were workable on London roads.

The Committee: **(i)** noted that London Councils was lobbying to have camera enforcement in all bicycle lanes; **(ii)** noted that the absence of a byelaw being in place should not prevent boroughs from adopting dockless bike schemes. Boroughs are encouraged to design parking standards around the current proposed byelaw; **(iii)** agreed to find out why parking enforcement was rejected with all cycle lanes; **(iv)** noted that it was up to local authorities to set speed limits for e-scooters; and **(v)** noted the safety and parking concerns from members regarding e-scooters (eg not being driven or parked on the pavement)

## **10. TEC Nominations to Outside Bodies**

The Committee considered a report that sought TEC nominations to various outside bodies which related to the work of the Committee for 2020/21. It was agreed that the political advisers would let Alan Edwards know who would fill any outstanding vacancies in due course.

The nominations to TEC outstanding bodies were as follows:

Heathrow Airport Consultative Committee (HACC)

Cllr Steve Curran (LB Hounslow)

1 x Conservative deputy

Thames Regional Flood & Coastal Committee (RFCC)

*North West:* Cllr Peter Zinkin – LB Barnet (Conservative); *South West:* Cllr Julia Neaden-Watts – LB Richmond (Liberal Democrat); *South East:* Cllr Sizwe James (RB Greenwich) (Labour); *North East:* Cllr Syed Ghani – LB Barking & Dagenham (Labour); *Central North:* Cllr Johnny Thalassites (RB Kensington & Chelsea); *Central South:* Cllr Richard Livingstone - LB Southwark (Labour), and *North:* Cllr Jon Burke – LB Hackney (Labour).

London Sustainable Development Commission (LSDC)

Cllr Rowena Champion – LB Islington (Labour)

Urban Design London (UDL)

Daniel Moylan & Cllr Nigel Haselden (LB Lambeth) nominated as the UDL representatives again for 2020/21

London City Airport Consultative Committee (LCACC)

It is LB Havering turn to represent TEC on the LCACC – to follow

London Waste & Recycling Board

Cllr Nesil Caliskan (LB Enfield, Lab)

Cllr Claire Holland (LB Lambeth, Lab)

Cllr Krupa Sheth (LB Brent, Lab)

Cllr Guy Senior (LB Wandsworth, Con)

Chantelle Nicolson (Independent)

Joe Murphy (Independent)

Thames & London Waterways Forum

Cllr Sizwe James – RB Greenwich (Labour)

Cllr Richard Livingstone – LB Southwark (Labour)

Cllr Peter Craske – LB Bexley (Conservative)

London Cycling Campaign (LCC) Policy Forum

Cllr Clyde Loakes – Waltham Forest (Labour)

London Fuel Poverty Partnership

1 x Conservative vacancy to follow

TfL/Government Active Travel Board

Cllr Clyde Loakes – LB Waltham Forest (Labour)

The Committee: **(i)** noted and agreed the TEC nominations to outside bodies for 2020/21; **(ii)** agreed that the London Councils' political advisers would let Alan Edwards know who would fill any outstanding vacancies in due course; **(iii)** agreed that Alan Edwards would write to the TEC outside bodies (and the members nominated to these bodies) informing them of the nominations; and **(iv)** agreed that the list of approved nominations will then go before London Councils Executive Officers sitting as the Appointments Panel for ratification.

## **11. Freedom Pass Update**

The Committee received a report that provided members with the following information on the following: (i) restrictions on the use of Freedom Passes at busy times, (ii) the cost of the Freedom Pass Scheme in 2020/21, (iii) flexibilities granted to non-TfL buses during in response to Covid-19, and (iv) the wider implications of social distancing on Freedom Pass arrangements.

Stephen Boon, Chief Contracts Officer, London Councils, introduced the report. He informed members that the statutory hours of operation (09:30 am – 23:00 pm) of the London Concessionary Bus Scheme

(non-TfL buses) from 15 June 2020 for older persons pass holders would be re-instated. Stephen Boon said that the 24-hour a day acceptance for disabled persons pass holders would be retained, in line with proposed TfL restrictions as an on-going variation.

The Committee: **(i)** confirmed that they would honour the existing agreement with Transport for London (TfL) in respect of the 2020/21 financial year having regard to the temporary revised arrangements for TfL's discretionary services following TfL's revised funding agreement with HM Government; **(ii)** agreed to re-instate the statutory hours of operation (09:30 am – 23:00 pm) of the London Concessionary Bus Scheme (non-TfL buses) from 15 June 2020 for older persons pass holders, but retain the 24-hour a day acceptance for disabled persons pass holders in line with proposed TfL restrictions as an on-going variation, and further to note that the special reimbursement arrangements with non-TfL bus operators shall remain in place whilst HM Government's social distancing measures remain in place, all of which shall remain under review; and **(iii)** noted the possible impact of social distancing on on-going operations including income and expenditure.

## **12. Taxicard Update**

The Committee received a report that provided members with a progress update on the Taxicard scheme. It highlighted savings made to date, some issues with performance and analysed the reasons, setting out the mitigating steps that are being taken to improve the situation.

The Committee noted the Taxicard update report.

Alex Williams gave a brief update and said that the London Streetscape programme had a circa of £30 million. Twelve bids had been allocated straight away (£9 million of the funds). He said that full and final bids were required by 19 June 2020.

## **13. TEC & TEC Executive Sub Committee Dates 2020/21**

The Committee considered and agreed a report that notified members of the proposed TEC and TEC Executive Sub Committee dates for the year 2020/21.

## **14. Items Considered under the TEC Urgency Procedure**

The Committee received and noted a report that provided members with the details of the reports that were sent to TEC Elected Officers under the London Councils' Urgency Procedure. They were as follows: Dockless Bicycles and Climate Change Action, Freedom Pass Update Report, HGV Safety Permit Scheme, Additional Parking Charges for Ealing and Hounslow, Freedom Pass & Covid-19 and Taxicard and Covid-19. The items were required to be sent out under the TEC Urgency Procedure owing to the cancellation of the TEC Main meeting on 19 March 2020 because of the Covid-19 outbreak.

## **15. Minutes of the TEC Main Meeting held on 5 December 2019**

The minutes of the TEC Main meeting held on 5 December 2019 were agreed as being an accurate record.

**The meeting finished at 16:38pm**

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

**Tuesday 16<sup>th</sup> June 2020 09:30 am**

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

### **Present**

<b>Member</b>	<b>Position</b>
Cllr Peter John OBE	Chair
Cllr Teresa O'Neill OBE	
Cllr Claire Holland	
Cllr Darren Rodwell	
Cllr Georgia Gould	
Cllr Ray Puddifoot MBE	
Cllr Muhammed Butt	
Cllr Ruth Dombey	
Cllr Clare Coghill	
Cllr Danny Thorpe	
Cllr Elizabeth Campbell	
Catherine McGuinness	

Cllr Ravi Govindia CBE, Cllr Julian Bell and Cllr Gareth Roberts were in attendance.

London Councils officers were in attendance.

The Chair welcomed Cllr Claire Holland, Deputy Leader of the London Borough of Lambeth, to her first Executive meeting.

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

No apologies for absence were tendered.

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

Cllr Bell declared an interest in that he was a member of the Transport for London (TfL) Board.

### **3. Minutes of the Executive Meeting held on 19<sup>th</sup> May 2020**

The minutes of the Executive meeting held on 19<sup>th</sup> May 2020 were agreed as an accurate record of the meeting

### **4. Covid 19 Pandemic: Recovery and Renewal**

The Chief Executive introduced the report, describing the present arrangements for managing Pandemic recovery across London, comprising:

- the London Transition Board, co-Chaired by the Secretary of State for Housing, Communities and Local Government and the Mayor of London, which has been set up to deal with immediate issues around exit from lockdown and transition
- the Recovery Board, jointly chaired by the Chair of London Councils and the Mayor, whose role would cover medium term recovery issues: the Board would also manage two task forces dealing respectively with economic and social recovery, with Cllr Georgia Gould chairing the economic task force and Cllr Ruth Dombey as deputy chair for the social recovery strand.

Feedback had been given to the GLA on the urgent need both to establish clear targets for the Recovery Board and mobilise the two task forces.

The Covid-19 related workstreams for London Councils, approved at the previous Executive meeting, would continue to be reviewed in terms of the outcomes of the Boards.

Members made the following points:

- the Boards should avoid duplication of workloads, and should be responsible for setting their own outcomes and targets as soon as possible
- to make the Boards as effective as possible, some work should take place before the meetings to work out how best contributions could be made from participants, and consideration should be given to setting up subgroups within the Recovery Board
- the Boards needed to be aware of the effective arrangements already in place in boroughs, have an understanding of borough and sub regional relationships, and be aware of parallel work taking place elsewhere, for example the Department for Digital, Culture, Media & Sport's work with the hospitality sector
- a growing number of people who had not previously asked for assistance were now on the cusp of needing help, and this group should be factored in to planning, as well as micro businesses who, up to now, had been able to support themselves, or who were operating in co-working arrangements and therefore not currently receiving support
- the hospitality sector had been one of the hardest hit industries and its revival was crucial in that London depended on tourism. This linked to the need to have transport running effectively
- while a large number of residents could be unemployed as a result of the crisis, there were opportunities for social investment and in retraining people into new jobs linked to London's green agenda
- there were inequality issues arising from the crisis, including the disproportionate impact on BAME communities and people who were digitally excluded
- because of the allocation of discretionary funds according to different boroughs' priorities, businesses may have found that they received different responses from different boroughs.

The Chair also discussed the issue of schools and the issue of their preparedness and ability to be open for all pupils by September, bearing in mind present social distancing rules, which presented difficulties.

Members acknowledged these challenges, commenting that between 40% to 44% of their pupils had now returned to school, many of which had remained open during the crisis. It was also recognised that work needed to be done to restore parental confidence, address the disproportionately smaller percentage of children from BAME households returning to school, and the issue of digital exclusion impacting on home schooling opportunities.

The Chief Executive thanked members for their contributions: he acknowledged the potential for duplication between the Boards which would be addressed by holding 'pre' meeting sessions; the work of the Recovery Board would address the issues of economic and social opportunities and identifying people 'on the cusp'; the linkages between the cultural renaissance of London and the importance of the messaging around transport have featured in discussions with London & Partners; and in terms of the discretionary grants issue, discussions had taken place in other parts of the country on this subject.

Executive noted the transition arrangements set out in the report.

## **5. Local Government Finance – Update**

The Director of Local Government Performance and Finance introduced the report, commenting that:

- the report collated information about the support that the Government had made available to London and the impact on London's authorities since the start of the crisis, and proposed lobbying lines that could be communicated to Government in the coming months
- the largest strand of emergency support provided centrally - £22 billion nationally - had been for business
- £3.2 billion of un-ringfenced emergency funding was the main point of financial support for Covid-19 impact on authorities



- funding for a series of smaller initiatives had also been made available, including £60 million in London for Test and Trace
- in terms of the overall impact assessed by borough survey returns, the total impact for London until the end of the financial year was £1.8billion
- the position to the end of May 2020 was that the total financial pressure across London so far was estimated to be around £600 million. This exceeded the Government emergency funding by around £100 million
- in terms of the Business Rates position the overall impact was £370 million (a correction to the report which stated £30 million)
- regarding the lobbying position, there were three messages; that the money allocated was insufficient; a requirement to stabilise the position of boroughs for the rest of 2020/21; and an understanding that the financial implications of the crisis will last beyond the current financial year
- the Government had announced a plan to ensure financial sustainability of local authorities in the present financial year by addressing the different types of impact, which presented the ability to lobby, noting also that there was a proposed spending review in autumn 2020.

Members made the following comments:

- a short statement should be prepared, setting out why the financial impact on London was different to the rest of the country, citing areas such as tourism and transport as examples; this should be sent to MPs
- the paper should focus on the current financial year and be clear about what London produced for the national economy
- lobbying on this paper should be extended to the party political groups

Members noted the report and endorsed the idea of constructing a brief lobbying paper on the issue.

## **6. Under 18 Travel Issue (oral update)**

The Director of Transport and Mobility provided a verbal update on the changes to under 18 Travel.

Members were informed that:

- the suspension of free travel for under 18s was a condition of an agreement between the Mayor and Department of Transport, with the aim of encouraging more active travel amongst school children, and to reduce the amount of young people using public transport to aid social distancing.
- boroughs had a legal responsibility to provide home to school transport for qualifying pupils but had been able to rely on the free travel provided to under 18s by TfL since 2006
- the Government had confirmed that TfL should continue to meet the cost of boroughs' statutory school travel obligations and that the proposal should be implemented as soon as possible, and by no later than September 2020

A steer was now required from members as to the next steps to be taken, including whether a letter should be sent to the Secretary of State on this issue.

Members made the following comments:

- the free travel option had allowed younger people to have greater mobility across London and the suspension limited their ability to leave their own borough
- the proposals had been introduced before boroughs had the opportunity to hold conversations with parents about the impact of the change on school choices
- a cross party approach to this issue was important
- it would be difficult to achieve the stated aims because no other arrangements for active travel had been put in place
- the interconnectivity of London was important for young people

The Chair thanked members for their comments and asked the Director of Transport and Mobility to draw up a letter to the Secretary of State, which set out the position of supporting a reinstatement of the funding.

## **7. London Councils – Consolidated Pre-Audited Financial Results 2019/20**

The Director of Corporate Resources introduced the report, confirming that:

- the unaudited surplus for the year was marginally over £2.6 million spread across the three committees
- there were uncommitted reserves of £9.7 million, which was a marginally better position than the same time the previous year
- the final figures would be confirmed following the accounts closure, which was carried out remotely this year
- for London Councils the main Covid-19 financial impact had been a loss of income within the Transport and Environment committee budgets, but that there hadn't been no additional expenditure as a result of the Pandemic
- Any changes to the present position as stated in the report would be reported to Executive at its next meeting

Cllr Puddifoot felt that the report showed London Councils to be in a strong financial position in terms of the uncommitted reserves, and he thanked the Finance Team for their work.

Executive noted the detail in the accounts and agreed to receive a further report in November 2020 after the completion of the external audit by Grant Thornton LLP (GT) to adopt the final accounts for 2019/20.

## **8. Urgency Report**

Executive noted the use of London Councils' urgency procedure to approve the appointment of Cllr Matthew Green (City of Westminster) as the Conservative

Party Group Lead Member on Business Engagement, Europe and Good Growth for the period between 1 June 2020 and the Leaders' Committee AGM on 13 October 2020, and the appointment of Cllr Gareth Roberts (LB Richmond Upon Thames) as the new Liberal Democrat Whip, Deputy Group Leader and Liberal Democrat reserve on the Executive.

Cllr Gould asked for an update on Unaccompanied Asylum Seeking Children to be provided to members.

The meeting closed at 10.46.

---

### **Action points**

	<b>Item</b>	<b>Action by</b>	<b>Progress</b>
<b>5.</b>	<b>Local Government Finance</b> <ul style="list-style-type: none"><li>a short statement to be written on the financial impact of Covid-19 for London</li></ul>	<b>Corporate Director PaPA</b>	Ongoing
<b>6.</b>	<b>Under 18 Travel Issue</b> <ul style="list-style-type: none"><li>A letter to the Secretary of State to be written setting out the position regarding Under 18 travel</li></ul>	<b>Director of Transport and Mobility</b>	Completed

## **Minutes of the Meeting of the Audit Committee (Virtual)**

### **17 June 2020**

Cllr Roger Ramsey was in the Chair

#### **Members Present:**

Cllr Roger Ramsey (LB Havering)  
Cllr Stephen Alambritis (LB Merton)  
Cllr Yvonne Johnson (LB Ealing)  
Cllr Robin Brown (LB Richmond)

#### **In Attendance:**

Matt Lock, Head of Audit & Risk Management, City of London Corporation  
Martha Franco-Murillo, Senior Auditor, City of London Corporation  
Ciaran T McLaughlin, Grant Thornton

London Councils' officers were in attendance.

#### **1. Apologies for Absence**

An apology for absence was received from Councillor Victoria Mills (LB Southwark).

#### **2. Declarations of Interest**

There were no declarations of interest.

#### **3. Minutes of the Audit Committee meeting held on 18 September 2019**

The minutes of the Audit Committee meeting held on 18 September 2019 were agreed as being an accurate record.

#### **4. Internal Audit Update**

The Audit Committee received a report that provided the Committee with an update of internal audit work that has been undertaken since the last committee update report made at the September 2019 meeting. The Audit Plan for 2019/20 was complete.

Matt Lock, Head of Audit and Risk Management, City of London Corporation, introduced the internal audit update. He said that the internal audit was provided by the City of London Corporation under the terms of the service level agreement with London Councils. Matt Lock said that the internal audit had been prepared for the 17 March 2020 Audit Committee meeting. However, this was cancelled due to the Covid-19 lockdown. This internal audit report had now been updated. Matt Lock said that all work from 2019 had been completed the audit plan had been delivered.

Matt Lock informed members that the recommendation from 31 March to now had not been followed-up. He said that the three outstanding recommendations on page 12 of the report had not been fully implemented, and it was decided that it was not appropriate to take one of these forward - Quarterly budget monitoring reports should be requested from grant recipients.

Councillor Brown asked for an update on the raising of purchase orders electronically. Frank Smith, Director of Corporate Resources, London Councils, said that this was under consideration, although ongoing work had been postponed. He said that it would be beneficial to have electronic

purchase orders while London Councils' staff were working remotely. However, there were costs involved in obtaining additional licences and there was also a training requirement needed for this. London Councils was not in a position to consult on this during lockdown. The Chair said that the London Councils' Business Continuity Plans had already been tested and had worked very well.

The Audit Committee noted and commented on the content of the report and the appendices.

## **5. Review of the Annual Governance Statement**

The Audit Committee received a report that: (i) reviewed each element of the current Annual Governance Statement (AGS), (ii) highlighted any continuing and potentially new areas for development (and those from previous years that had been addressed), and (iii) made recommendations for revisions that would be contained in the AGS to be included in the audited accounts for 2019/20.

David Sanni, Chief Accountant, London Councils, introduced the report. He said that the report presented the AGS to be included in the 2019/20 accounts which incorporated the outcome of the internal and external audit reviews, in accordance with the Local Authority Accounting Code of Practice. David Sanni said that there were minor changes to the key elements of the Statement to revise approval dates and provide more accurate descriptions. A paragraph had also been included on the Covid-19 pandemic in the areas for development section of the statement.

David Sanni said that Appendix A (page 40) is the current AGS with revisions highlighted in red using track changes. Appendix B (page 48) is the Head of Audit and Risk Management's opinion of the overall control environment at London Councils, and Appendix C (page 50) presented a clean version of the AGS which would be included in the accounts if approved by Audit Committee.

Councillor Alambritis congratulated officers for all their work on the AGS. He asked whether the paragraph on Covid-19 could be moved to the beginning, in order to show the importance of the issue. Frank Smith recommended that the first paragraph in the AGS be titled "Introduction" and the Covid-19 paragraph could be placed there. Ciaran McLaughlin said that he saw no reason why the Covid-19 paragraph could not be put at the beginning of the AGS.

The Audit Committee:

- Noted the opinion of the Head of Audit and Risk Management at the City of London on the overall control environment, as detailed in Appendix B;
- Approved the recommended changes to the AGS for 2018/19, as detailed in Appendix A, to produce the AGS for 2019/20 for inclusion in London Councils' accounts for 2019/20, as detailed in Appendix C; and
- Agreed that the paragraph on Covid-19 be moved to the front of the AGS, under the heading "Introduction".

## **6. Risk Management: Policy & Public Affairs and Services Risk Registers**

The Audit Committee received a report that presented members with the current Policy and Public Affairs (P&PA) Risk Register and the Services Risk Register.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the report. She said that under normal circumstances, only one risk register was presented to each Audit Committee. However, two risk registers were being presented on this occasion because the March 2020 Audit Committee meeting was cancelled because of the Covid-19 outbreak. Christiane Jenkins said that the meeting was being attended by colleagues from London Councils' P&PA and Services.

The Chair said that he would go through the risk register on a page-by-page basis. He asked for details of the risk for P&PA 7 ("IT failure with website/Intranet/access to systems"). Doug Flight, Head of Strategic Policy, London Councils, explained that this was due to recent changes caused by Covid-19. He said that London Councils' staff were working from home and were totally dependent on the IT system working for this. This was under review, but homeworking was currently working very well.

In the Services Risk Register, the Chair mentioned risk FP3, which related to the income risk to the Freedom Pass as a direct result of the Covid-19 pandemic. He asked whether the implications of this had been reported to London Councils' Leaders Committee. Frank Smith confirmed that they had. He said that the final results of this had also gone to the Executive meeting on 16 June 2020. Frank Smith said that there had been a reduction of income, especially for TEC. He said that there had been some suspensions of the Freedom Pass in April and May which had led to a reduction in income. The number of lost passes had also reduced, resulting in a reduction to this income stream. Frank Smith confirmed that the Month 3 Forecast would be picked up in the September Audit Committee meeting.

Councillor Alambritis asked about the reduction in savings through the deployment of staff, and whether this had happened at London Councils. Frank Smith said that the accounts had now been closed, and London Councils was now moving to the budget scenario for 2021/22 (Frank to check). Councillor Johnson asked whether any savings from Grants, during the Covid-19 pandemic, would be passed back to the boroughs. Frank Smith said that homelessness and domestic violence was funded by the Grants scheme, and there had been a more acute need for this funding during the outbreak. Samira Armit, ESF Technical Advisor, London Councils, informed the Committee that payments had continued to be made across local authorities, during the pandemic, to ensure continued support to these projects.

The Chair asked for a brief update on what was happening with London Tribunals during the pandemic (page 9). Stephen Boon, Chief Contracts Officer, London Councils, said that a number of changes had been made to the operation of London Tribunals during the Covid-19 outbreak. He said that London Tribunals had been closed to the public but had opened from 1 June 2020 in order for the adjudicators to carry out personal hearings over the telephone. Stephen Boon said that the volume of appeals would reduce over the next few months.

Councillor Brown said that the borough of Richmond was not enforcing the Health Emergency Badge (HEB) scheme. He asked whether this was being co-ordinated across London. Stephen Boon said that a provision for HEB had been made in the scheme. The parameters had been widened and London Councils was working with parking officers to let them know of any changes. Stephen Boon said that measures had been extended with regards to this.

The Audit Committee noted the P&PA and Services Risk Registers, as found in Appendices 2 and 3 of the report.

## **7. International Auditing Standards Representation**

The Audit Committee considered a report that presented the proposed response to the external auditor's inquiry as to how the Audit Committee gains assurance over management processes and arrangements around fraud, laws and regulations and going concern.

David Sanni said that the external auditors, Grant Thornton, had raised a series of questions in the 2019/20 plan, including establishing assurances over the management framework. He said that London Councils' officers had prepared a response to this which could be found in Appendix A of the report (page 75). This was a standard practice and normal approach adopted by auditors. Ciaran McLaughlin confirmed that this was a standard questionnaire sent to all audit clients. He said that this was nothing unusual and was just to establish the arrangements in place at London Councils. The Chair said that the response appeared very thorough. Frank Smith said that this

would be passed on to Ciaran McLaughlin and his team, and any feedback will be included in the audit report to be presented to the Audit Committee on 17 September 2020.

Councillor Alambritis thanked the City of London Corporation for all their legal advice to London Councils' Audit Committee. The Chair thanked colleagues for attending this first virtual meeting of the Audit Committee

**The meeting finished at 11:10am**

#### **Action Points**

	Action	Progress
<b>5. Review of Annual Governance Statement (AGS)</b>	<i>To have the first paragraph of the AGS titled "Introduction" and to place the paragraph about Covid-19 under that heading.</i>	<b>Completed</b>



---

# Leaders' Committee

---

---

## Report from the Grants Committee – 8 Item no: July 2020

---

---

<b>Report by:</b>	Ana Gradiska	<b>Job title:</b>	Principal Governance and Projects Officer
-------------------	--------------	-------------------	---

---

<b>Date:</b>	13 September 2020
--------------	-------------------

---

<b>Contact Officer:</b>	Ana Gradiska
-------------------------	--------------

---

<b>Telephone:</b>	020 7934 9781	<b>Email:</b>	Ana.Gradiska@londoncouncils.gov.uk
-------------------	---------------	---------------	------------------------------------

---

---

<b>Summary:</b>	Summary of the minutes of the London Councils' Grants Committee held on 8 July 2020.
-----------------	--

---

<b>Recommendations:</b>	For information.
-------------------------	------------------

---

Attendance: Cllr John Hart (LB Barnet), Cllr Tom Miller (LB Brent), Cllr David Leaf (LB Bexley), Cllr Jonathan Simpson (LB Camden), Dhruv Patel OBE (City of London), Cllr Hamida Ali (LB Croydon), Cllr Nesil Caliskan (LB Enfield), Cllr Adel Khairah (LB Greenwich), Mayor Philip Glanville (Chair – LB Hackney), Cllr Adam Connell (LB Hammersmith and Fulham), Cllr Sue Anderson (LB Harrow), Cllr Katherine Dunne (LB Hounslow), Cllr Una O'Halloran (LB Islington), Cllr Caroline Kerr (RB Kingston), Cllr Donatus Anyanwu (Lambeth), Cllr Jonathan Slater (LB Lewisham), Cllr Edith Macauley MBE (LB Merton), Cllr Charlene McLean (LB Newham), Cllr Helen Coomb (LB Redbridge), Cllr Evelyn Akoto (LB Southwark), Cllr Marian James (LB Sutton), Cllr Candida Roland (LB Tower Hamlets), Cllr Ashan Khan (LB Waltham Forest), Cllr Paul Ellis (LB Wandsworth) and Cllr Mark Shearer (Dep – City of Westminster).

London Councils officers were in attendance.

The Chair welcomed the new members of the Grants Committee, including the new Liberal Democrat Vice Chair Cllr Caroline Kerr (RB Kingston).

### **1 Apologies for Absence and Announcement of Deputies**

- 1.1 Apologies were received from Cllr Viddy Persaud (LB Havering), Cllr Gareth Roberts (LB Richmond), Cllr Paul Swaddle (City of Westminster) and Cllr Jasbir Anand (LB Ealing).

### **2 Declarations of Interest**

- 2.1 Cllr Helen Coomb declared that her sister was a trustee of Redbridge CVS.

### **3 Minutes of the Grants Committee held on 13 November 2019**

- 3.1 Yolande Burgess, Strategy Director, London Councils, said that most of the actions arising from the November meeting have been completed. The no recourse to public funds report by the Paul Hamlyn foundation was yet to be published; this will be forwarded to members as soon as it is available.
- 3.2 The minutes of the Grants Committee held on 13 November 2019 were agreed.

#### **4 Minutes of the Grants Executive held on 5 February 2020 (for information)**

- 4.1 The Chair informed members that the February Executive was held at the Asian Women's Resource Centre in Brent, where Executive members attended various presentations into the work of partners working under Priority 2 - Tackling Sexual and Domestic Violence.
- 4.2 The Consultation Survey relating to the 2021-2025 Grants programme was finalised at the Executive meeting, and it was agreed that the Grants programme would support the no recourse to public funds projects as part of priorities 1 and 2. This was later agreed under the Urgency Procedure due to the cancellation of the March Grants Committee meeting.
- 4.3 The minutes of the Grants Executive meeting on 5 February 2020 were noted.

#### **5 Performance of Grants Programme 2017-21: April 2017- March 2020 (end of year three)**

- 5.1 The Strategy Director introduced this report and highlighted the key points:
- Priority 1 projects (Combating Homelessness) were performing 14 percent above profile for quarters 1 to 12, due to continued and increased demand, particularly from young people. St Mungo's was working with people recently released from prison, who were having difficulty accessing the private rented sector, as many landlords did not accept clients in receipt of Universal Credit. One of St Mungo's outcomes was adjusted to reflect the fact that they also helped clients into employment. Shelter was carrying out early intervention work in boroughs such as LB Bexley, and partners have generally increased their work in outer London boroughs. New Horizon Youth centre also saw an increase in young people requesting support; the organisation has faced serious challenges with accessing long term stable accommodation for their service users. Most of the housing partners have reported increasing numbers of people with no recourse to public funds requesting help.
  - Priority 2 projects (Tackling Sexual and Domestic Violence) have adapted well to working online. Use of webchat services increased during lockdown, due to domestic violence victims struggling to make contact via the hotline. Refuges have had to manage specific issues with keeping staff safe, particularly for those having to shield, and taking account of social distancing. The Asian Women's Resource Centre has continued to work successfully with colleges in London. Tender was still carrying out prevention work, although they had to furlough some of their staff due to school closures. Most partners were reporting increases in service users with mental health needs.
  - Priority 3 projects (Tackling Poverty through Employment) completed delivery in June 2019.

#### **6 A Grants Programme to support London's transition and recovery**

- 6.1 The Chair introduced this item, which proposed to extend the current Grants programme to March 2022 and restart the consultation for the new programme, proposed to start in

April 2022. This would ensure the continuation of homeless and domestic violence service across London, whilst undertaking consultation on a new programme that would support transition, recovery and renewal. A rapid review of the current programme would be undertaken to ensure that the additional year would be fit for purpose and would continue to meet the needs of vulnerable Londoners during the Covid-19 transition and recovery period.

- 6.2 The Leaders' Committee, in December 2019, had agreed to establish a new Grants Programme for 2021-2025. An extensive consultation, which aimed to gain a better understanding of the needs of Londoners in relation to the Grants priorities, was undertaken in the early part of the year, pre-Covid-19. The planning process for the next Grants Programme, which would support the Covid-19 transition and recovery, will start again. Extending the existing programme enables the continuation of services to boroughs and allows the design of the new Grants Programme to take into account emerging needs and priorities in the context of Covid-19, in time for the revised start date of April 2022. Leaders' Committee will be informed about the reframing of the programme to take account of Covid-19.
- 6.3 The report also proposed that the Grants team work with members of the Funders, Community and Voluntary Sector Group, a subgroup of the Strategic Coordination Group (chaired by David Farnsworth, Chair of London Funders and Director & Chief Grants Officer of the City Bridge Trust), to consider new and emerging best practice for grant making and explore opportunities for aligning processes and funding. They would also work with equity and inclusion partners to ensure that grant making was undertaken fairly and equitably.

**Action: London Councils to organise a Grants Committee Executive meeting for September 2020.**

## **7 London Councils Grants Committee – Pre-Audited Financial Results 2019/2020**

- 7.1 The Director of Corporate resources introduced this item and said that the report detailed the provisional pre-audited final accounts for London Councils Grants Committee for 2019/20, which the London Councils Executive had received as part of the consolidated accounts. The Grants Committee would be asked to adopt the audited accounts for the Grants Committee at its November meeting.
- 7.2 London Councils Grants Committee:
- Noted the provisional pre-audited outturn position and the indicative surplus of £98,000 for 2019/20, the third year of the four-year 2017-21 programme; and
  - Noted the provisional level of reserves at paragraphs 18-20 and the financial outlook, as detailed in paragraphs 21-24 of this report.

## **8 Urgency Report**

- 8.1 Members noted the appointment of Cllr Kerr as the new Liberal Democrat Vice Chair on the Grants Committee through the Urgency Procedure.
- 8.2 Members noted the three NRPF projects agreed by the Urgency Procedure.

## **9 AOB**

- 9.1 There was no other business

**The meeting finished at 12.50**

# Leaders' Committee

## Report from the TEC Executive Sub Committee – 16 July 2020

Item no:

**Report by:** Alan Edwards      **Job title:** Governance Manager  
**Date:** 13 October 2020  
**Contact Officer:** Alan Edwards  
**Telephone:** 020 7934 9911      **Email:** alan.e@londoncouncils.gov.uk

---

**Summary:** Summary of the minutes of the London Councils' TEC Executive Sub Committee held on 16 July 2020.

**Recommendations:** For information.

**1. Attendance:** Councillor Claire Holland (LB Lambeth – Chair), Councillor Krupa Sheth (LB Brent), Councillor William Huntington-Thresher (LB Bromley), Councillor Stuart King (LB Croydon), Councillor Julian Bell (LB Ealing), Councillor Wesley Harcourt (LB Hammersmith & Fulham), Councillor Hilary Gander (RB Kingston - Deputy), Councillor Sophie McGeevor (LB Lewisham), Councillor Richard Livingstone (LB Southwark), Councillor Richard Field (LB Wandsworth), and Councillor Tim Mitchell (City of Westminster)

**2. Apologies for Absence**

Apologies for absence were received from Councillor Manuel Abellan (LB Sutton) and Alastair Moss (City of London Corporation).

**3. Update on London Streetspace Programme and Future Funding, by Heidi Alexander, Deputy Mayor for Transport, GLA, Will Norman, Walking & Cycling Commissioner, GLA, and Alex Williams (TfL)**

Heidi Alexander, Deputy Mayor for Transport, introduced the item and made the following comments:

- Out of the £1.6 billion settlement to TfL, £55 million was allocated to the London Streetspace programme. £45 million had been allocated to borough roads. Also, £1.5 million had been set aside for the central London corridor, creating car free zones (A10 Bishopsgate).
- Boroughs had submitted bids. Social distancing schemes had been looked into. There were 850 schemes in London, including 450 school streets and 65 cycling routes so far.
- Three times more bids had been received than were expected, which meant that a number of projects could not be funded. However, schemes that were not funded in this existing round would be reviewed for any future rounds.
- People were being encouraged to make more journeys by bicycles and on foot. More journeys were also starting to be made on the public transport network.
- TfL would be administering the process for the tranche 2 funding of £20 million from DfT for Streetspace.
- For this funding, there was a need to make a London submission to DfT by 7 August 2020. This would be subject to ministerial approval.
- Journeys on the Underground had risen by 20% and bus journeys by 40%, but this was still a fraction of the amount raised by fares prior to the pandemic. 80% of TfL revenue currently comes from fares.

A Q and A session took place.

Heidi Alexander informed members that the Congestion Charge had been extended along with the expansion of the ULEZ. She said that more was being spent on sustainable schemes generally. Sam Monck, Head of Projects and Programmes, TfL, said that there had been miscommunications on what was of value, and what was and was not funded. He said that a set of criteria would be written into the next tranche 2. Will Norman, Walking and Cycling Commissioner, GLA, said the issue of the number of low traffic neighbourhoods had tried to be simplified, although there had been a problem with the forms to complete. He confirmed that this was now being mapped.

The TEC Executive Sub Committee noted the comments from the GLA and members.

#### **4. Future Mobility Agenda: Multi-Borough e-Scooter Trial in London**

Members received a report that updated the TEC Executive on London Councils' work on future mobility, which had taken a focus on a multi-borough e-scooter trial in London, given the current policy environment.

Paulius Mackela, Principal Policy Officer, London Councils, introduced the item and made the following comments:

- Eight e-scooter trial working group meetings had taken place so far, with up to thirty officers attending the meetings on average. Members had been sent a briefing about this work, and it was hoped that members had found this document useful. Final sign-off for the trial proposal document was 17 July 2020.
- The proposed documents offered boroughs a range of tools to manage the trial in their local areas. Each of the key zones could be tweaked during the trial. Boroughs could also leave the trial if they chose to.
- The results of the work on the trial proposal document so far were very pleasing and gave the boroughs a great deal of flexibility.
- It was hoped that TEC would agree for local authorities to support the recommendations and to continue with the trials.

Mike Beevor, Senior Policy Manager, TfL, said that the key issue in London in order to meet objectives was to get e-scooter trials hosted by boroughs that shared borders. He said that the take-up of e-scooters could provide an alternative option to public transport. Mike Beevor said that different experiences were being found in different boroughs, and this fragmentation needed to be joined-up.

Councillor McGeevor said that she had safety concerns about the use of e-scooters (e.g. problems with road resurfacing). Paulius Mackela said that safety is the number one priority and confirmed that there was a whole section in the document on safety. He informed members that there were new safety features in the market and operators would be picked based on safety. The trial would last for a period of twelve months, which could be extended for a further six months if deemed appropriate and relevant permissions provided by the DfT.

The TEC Executive Sub Committee agreed that Demand Responsive Transport becomes a focus area later in the year and instead continue working with TfL and the boroughs to facilitate a multi-borough e-scooter trial in London.

#### **5. Transport and Mobility Services Performance Information**

The TEC Executive Sub Committee received and noted a report that detailed the London Councils Transport and Mobility Services performance information for Q4 2019/20.

#### **6. TEC Pre-Audited Financial Results 2019/20**

The TEC Executive Sub Committee considered a report that detailed the provisional pre-audited final accounts for the Transport and Environment Committee for 2019/20

Frank Smith said that the time lag on enforcement actions had had a marginal effect on the year end, and there was an indicative surplus of £534,000 for the year. Frank Smith said that some of TEC services had been suspended during the Covid-19 outbreak, but were now back on track.

The TEC Executive Sub Committee: **(i)** noted the provisional pre-audited financial results for 2019/20, which show an indicative surplus of £534,000 for the year; **(ii)** agreed the transfer of £296,000 out of the provisional surplus to the specific reserve, in accordance with usual Committee practice; **(iii)** agreed the carry forward of the underspend on the LLC Scheme review budget of £91,000 into 2020/21; and **(iv)** noted the provisional level of reserves, as detailed in paragraph 40 and the financial outlook, as detailed in paragraphs 41-42 of this report

## **7. Freedom Pass Update**

The TEC Executive Sub Committee received a report that set out a proposed approach to gradually withdrawing the special payment arrangements to non-TfL bus operating companies in respect of the Freedom Pass scheme. It also sought member support for officers to begin consultation on the payment arrangements set out in this paper before returning to TEC in October 2020 with a final recommendation.

Stephen Boon, Chief Contracts Officer, London Councils, introduced the report, which proposed to phase-out the special payment arrangements to non-TfL bus companies.

The TEC Executive Sub Committee approved that London Councils began consultation with non-TfL bus operators and the Department of Transport based on the proposals contained in this report.

## **8. Taxicard Update**

The TEC Executive Sub Committee received a report that provided members with an update on the Taxicard scheme during the COVID-19 pandemic and measures taken to support vulnerable and shielded members during the lockdown period.

Stephen Boon introduced the Taxicard report, which related to the proposal to continue the collection and delivery until 31 December 2020. He said that only 75 collection and delivery jobs had been carried out in the previous week, which was not a large number of jobs, but feedback from those that had used the service had been very positive. This was now going back to TEC Executive to seek member approval for the extension.

The TEC Executive Sub Committee approved continuation of the collection and delivery service until 31 December 2020 and approved the proposal to consult with boroughs on making this a standard element of the scheme.

## **9. Minutes of the virtual TEC Main Meeting held on 11 June 2020 (for noting)**

The minutes of the virtual TEC Main meeting held on 11 June 2020 were noted.

## **10. Minutes of the TEC Executive Sub Committee held on 6 February 2020 (for agreeing)**

The minutes of the TEC Executive Sub Committee held on 6 February 2020 were agreed as an accurate record.

**The meeting finished at 12:05pm**

## **Minutes of the Meeting of the Audit Committee (Virtual) 17 September 2020**

Cllr Roger Ramsey was in the Chair

### **Members Present:**

Cllr Roger Ramsey (LB Havering)  
Cllr Yvonne Johnson (LB Ealing)  
Cllr Robin Brown (LB Richmond)

### **In Attendance:**

Jerry Mullins, Audit Manager, City of London Corporation  
Matt Lock, Head of Audit & Risk Management, City of London Corporation  
Martha Franco-Murillo, Senior Auditor, City of London Corporation  
Ciaran T McLaughlin, Director, Grant Thornton UK LLP  
Ade Oyerinde, Senior Manager, Grant Thornton UK LLP

London Councils' officers were in attendance.

### **1. Apologies for Absence**

Apologies for absence were received from Councillor Stephen Alambritis (LB Merton), and Councillor Victoria Mills (LB Southwark).

### **2. Declarations of Interest**

There were no declarations of interest.

### **3. Minutes of the Audit Committee meeting held on 17 July 2020**

The minutes of the Audit Committee meeting held on 17 July 2020 were agreed as being an accurate record.

### **4. Annual Audit Report 2019/20**

The Audit Committee received a report that presented the annual audit report to those charged with governance (ISA260) prepared by Grant Thornton, London Councils' external auditor, in respect of the 2019/20 financial year.

Ciaran McLaughlin, Director, Grant Thornton, introduced the annual audit report and made the following comments.

- The annual audit was progressing and there were no matters that require a modification to the audit opinion at the moment.
- The outstanding matters on page 4 ("Status of Audit") were areas of the audit that had to be finalised.
- The audit process this year had been extended because of the restrictions caused by the Covid-19 outbreak – auditors could not go on site, and information/documents had to be validated remotely. This meant that the audit process was taking longer to finalise.
- The one change to the audit plan (page 5) was the recognition of Covid-19 as a significant risk and a review to assess whether there was any impact on financial/property assets. No issues regarding this had been identified.
- The audit of London Councils Ltd took place in June 2020 and there were no issues raised.

- A recommendation was made to revise the accounting policies note in the Consolidated Accounts to disclose that it does not include single entity financial statements for the London Councils' Joint Committee.
- Subject to the satisfactory conclusion of the outstanding items on page 4, it is anticipated that a true and fair opinion will be issued on the financial position as at 31 March 2020.
- There were no matters arising from the "Observations in respect of Significant Risks" identified on pages 6 and 7.
- The approach to materiality (page 8) had not changed since the Audit Plan dated 4 March 2020, and had not been affected by the Covid-19 outbreak.
- The International Financial Reporting Standards (IFRS) 16 on leases did not apply to this year, and the Certification on AR 27 Return would be certified once the audit of accounts had been completed (Page 9).
- There were no significant issues regarding the findings on estimates and judgements.
- Going concern (page 11) - London Councils continued to operate and there were no issues relating to 2020/21 budgets and cashflow, and no material uncertainty.
- There were no internal control deficiencies identified to date (page 12).
- Some recommendations to accounting policies had been made and all had been actioned (accounting adjustments, page 14).
- Work would be taking place over the next couple of weeks in order to complete the accounts.

Ciaran McLaughlin confirmed Grant Thornton's independence. He said that he was also the Engagement Lead on the audit of the London Pension Fund Authority of which London Councils was an admitted body. Ade Oyerinde, Senior Manager, Grant Thornton, said that some work needed to be carried out on the outstanding pieces of work but there was nothing to bring to the Committee's attention at this stage. He said that the audit should be completed over the next few weeks.

The Chair asked whether Grant Thornton had a target date for completing the audit. Ciaran McLaughlin said that the audit should be completed in the first week of October 2020. The Chair also asked if the risk of Covid-19 had been reflected in the audit. Ciaran McLaughlin confirmed that the risk from Covid-19 to London Councils had been assessed and audit tests had been revised accordingly.

Councillor Brown thanked Grant Thornton for the update. He asked whether building valuations had been an issue as a consequence of the Covid-19 pandemic. Ciaran McLaughlin said that this risk had been considered but there was no material uncertainty as London Councils did not own buildings. Councillor Johnson said that the accounts were in a good position considering the current climate.

The Audit Committee noted the contents of the annual audit report included at Appendix A.

## **5. Financial Accounts 2019/20**

The Audit Committee received a report that presented the statement of accounts for 2019/20 for approval. The accounts to be approved comprised of London Councils Consolidated Statement of Accounts for 2019/20, London Councils Transport and Environment Committee Statement of Accounts for 2019/20 and London Councils Grants Committee Statement of Accounts for 2019/20.

David Sanni, Chief Accountant, London Councils, introduced the report. He informed members that there was a pre-audited surplus of £2.113 million across the three funding streams. Table 3 showed how the adjusted position for 2019/20 is disclosed in the statutory accounts, which excluded the transfer of reserves, but included the actuarial gains on pension assets/liabilities. David Sanni said that Table 5 in the report showed the usable reserves as at 31 March 2020. The reserves had reduced from £14.726 million at 1 April 2019 to £14.097 million at 31 March 2020.



The Chair asked what the position was with the usable reserves that London Councils had, and whether there were any issues regarding the robustness of London Councils debtors.

Frank Smith, Director of Corporate Resources, London Councils, informed members that an updated position on reserves had recently been reported to the London Councils' Executive Committee. He said that the £14.097 million did not incorporate the £4 million current commitment from reserves from April 2020 which results in uncommitted reserves of just over £10 million. Frank Smith said that the cross-party opinion at the Executive was that members were happy with the current position on reserves. With regards to debtors, Frank Smith said that the position recently reported to the Executive showed that London Councils had a lower value of debtors compared to the equivalent period in 2019. This was a great achievement considering most people were working remotely. Frank Smith thanked all boroughs for paying their bills on time.

Councillor Brown said that the London Councils position on reserves looked healthy. He asked whether there was any option to pay back some of the reserves to the boroughs in order help borough finances. Frank Smith said that there were statutory restrictions on what some of the reserve funds could be used for. For Grants, reserves could only be spent on agreed priorities – homelessness and sexual and domestic violence commissions. There is a ring fence of TEC Specific Reserves to fund the concessionary fares pass reissue scheme and special projects such as policy work associated with electric vehicles, car clubs and climate change.

Frank Smith said that there was more of a degree of flexibility in funds held in the centre (London Councils' core functions), and areas of work had been identified during the Covid-19 crisis that could benefit the boroughs. If Leaders suggested that reserve funds that exceeded the agreed benchmark should be paid back to the boroughs, it would certainly be considered as an option in the autumn budget round. Frank Smith confirmed that reserve funds had previously been returned to the boroughs on a number of occasions in recent years.

Councillor Brown thanked Frank Smith for the update. Councillor Johnson asked whether reserve funds could be used help with young people's travel fares when the increase came in. Frank Smith said that this was not a specific option and would only make a very small impact. He said that once the reserves were spent, they were gone as they were a 'one-off' payment. John O'Brien, Chief Executive, London Councils, said that conversations regarding the removal of under 18s free travel were continuing with TfL and the Government. He said that the timescale had now been pushed back. It was essential that any costs to boroughs for this were covered, and progress was being made on this issue.

The Audit Committee:

- Approved the statement of accounts, as detailed at Appendices A to C of this report subject to the satisfactory conclusion of outstanding audit work detailed on Item 4 of the Committee agenda.

## **6. Risk Management: Corporate Risk Register**

The Audit Committee received a report that presented members with the current Corporate Risk Register.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the Corporate Risk Register that was presented to Audit Committee every September. She informed members that all had been reviewed specifically in relation to Covid-19 and seven out of the ten risks had now been changed to reflect the impact/implications of Covid-19.

Councillor Johnson said that the risks were all set out clearly in the Register and were straightforward. Councillor Brown said that the Register was a good piece of work. He asked whether TfL's current funding position posed any challenges or risks to London Councils. Frank

Smith said that areas of risk from TfL's funding position were mainly around Taxicard. He said that TfL funded the majority of the Taxicard scheme, and owing to TfL's latest funding position, they were only committing to funding Taxicard on a quarterly basis. Officers were currently in talks with TfL about this issue. Frank Smith said that TfL always paid their bills on time, and claims had already been put in for August. He said that if TfL was no longer able to pay for the Taxicard scheme, then TEC would have to review the scope of the scheme. Frank Smith confirmed that TfL also funded LEPT on an annual basis, and funds had already been committed for the current year. Frank Smith informed members that boroughs were likely to get a concessionary fares' rebate next year of approximately £40 million (made up of rebates for the Rail Delivery Group and independent bus operators).

The Audit Committee noted the London Councils' Corporate Risk Register for 2020/21 which could be found attached at Appendix 2.

## **7. Internal Audit Report**

The Audit Committee considered a report that provided an overall status update on progress against the 2020/21 Internal Audit Plan and a summary of the findings from the completed review of Risk Management (Green Assurance opinion).

Matt Lock, Head of Audit and Risk Management, City of London Corporation, introduced the report. He informed members that Jerry Mullins would be taking early retirement. The Chair thanked Jerry Mullins for all his work on the Audit Committee and wished him well on his retirement. Matt Lock said that the City of London Corporation had a Service Level Agreement (SLA) with London Councils. He said that Jerry Mullins was not retiring until March 2021, which provided a good handover period.

Matt Lock said that work had been progressing well with the internal audit, despite the challenges caused by the Covid-19 outbreak. He said that the fieldwork on the financial controls review had been completed and there was a minor change to the scope of the audit to consider the arrangements in operation during the lockdown period with officers working remotely. Work on Grants was also underway. Matt Lock said that some of the audit plans might have to change because some of the work could not be carried out remotely. Some areas of work might have to be substituted with something else, although this would be discussed with London Councils beforehand.

Matt Lock said that the risk management framework was a robust process and continuous improvements were being made. He said that a thorough assessment of risks to the organisation had been made. The Chair said that it was difficult to predict any movement from remote working, and flexibility was needed. Matt Lock said that the majority of documents that were needed for the internal audit could be found electronically. However, there were some documents that could only be found in London Councils' office at Southwark Street. The Chair thanked the City of London Corporation for its continued assistance with the internal audit.

The Audit Committee noted and commented on the contents of the report and appendix.

## **8. Dates of the Audit Committee Meeting for 2021/22**

The Audit Committee received a report that notified members of the proposed Audit Committee meeting dates for 2021/22.

The Audit Committee agreed the meeting dates for 2021/2022

**The meeting finished at 11:15pm**