

Executive

1 March 2022: 9.30 am

London Councils offices are wheelchair accessible

Location: Virtual via Teams

Contact Officer: David Dent

Telephone: 020 7934 9753 **Email:** David.dent@londoncouncils.gov.uk

Agenda item

| | |
|---|--|
| 1 | Declarations of Interest* |
| 2 | Apologies for Absence: |
| 3 | Minutes of Executive Meeting held on 19 January 2021 |
| 4 | LOTI Update - presentation |
| 5 | Levelling Up White Paper and UK Shared Prosperity Fund |
| 6 | Month 9 Revenue Forecast 2021/22 |
| 7 | Debtors Update Report |

*** 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

Minutes of an Informal Meeting of the Executive

Tuesday 18th January 2022 09:30 am

Cllr Georgia Gould was in the chair

Present

| Member | Position |
|-------------------------|-----------------|
| Cllr Georgia Gould | Chair |
| Cllr Darren Rodwell | Deputy Chair |
| Cllr Muhammed Butt | |
| Cllr Ruth Dombey OBE | Vice Chair |
| Cllr Danny Thorpe | |
| Cllr Teresa O'Neill OBE | Vice Chair |
| Cllr Damian White | |
| Mayor Phillip Glanville | |
| Cllr Jas Athwal | |
| Cllr Elizabeth Campbell | |
| Catherine McGuinness | Vice Chair |

London Councils officers were in attendance.

1. Declaration of interest

There were no declarations of interest.

2. Apologies for absence and announcement of deputies

Apologies for absence were received from Cllr Nesil Caliskan

3. Minutes of the informal Executive Meeting held on held on 9th November 2021 – to note

The minutes of the informal Executive meeting held on 9th November 2021 were noted subject to the amendment of noting that Cllr Damian White was in attendance.

4. Review of Scale of Election Fees 2022/23

The Chair invited Andrew Robertson, Head of Democracy and Electoral Services, London Borough of Merton, to introduce the report.

Mr Robertson informed members that the report covered the scale of fees and expenses to be applied in respect of elections for 2022/23; also that the scale was reviewed annually, prepared by the London branch of the Association of Electoral Administrators. It was practice for London Councils to receive the report and then recommend the London wide scale of fees for adoption by individual boroughs, with effect from 1st April 2022.

He reported that all fees were revised in accordance with the previous year's local government pay increase; although the most recent pay offer had not yet been agreed, in that the present employer's offer of 1.75% was the most recent one, fees for 2022/23 had accordingly been increased by 1.75%.

Members noted the report and commended the proposed scale of fees and expenses, as outlined in Appendix 1 of the report, as guidance for the London boroughs, with effect from 1 April 2022.

5. 2022-23 Provisional Local Government Finance Settlement Outcome

The Interim Director: Local Government Finance & Improvement introduced the report and presented slides summarising both the current position and findings in addition to the original report. Members were informed that:

- Core Spending Power was to increase by 6.7% across London (equating to about £500m), the biggest increase in cash terms since 2010, but still over 20% below the 2010 position in real terms, with further CSP cuts to follow
- London would receive 16% of the £1.5b grant funding (although excluding the New Homes Bonus this reduced to percentage to 13%) and 18% of a one off national 'services grant'

- £25m would be made available in London for adult social care reform funding, to prepare markets for reform and to begin delivering the fair cost of care reforms, with a further £600m nationally for years 2 and 3
- outside of the settlement, announcements on Public Health Grant and the Independent Living Fund were still awaited
- overall, prior to the Spending Review, it was calculated that £1.5 – 2b funding was needed (equivalent to a 5% increase per annum). Once social care reform funding was removed from the figures, the settlement equated to 3.5% in year 1, and below 1% in the next two years (on the assumption that Council Taxes would increase).

In terms of the consultation response:

- while the new funding was welcomed, key financial pressures, including inflation, the increase in NI contributions plus ongoing Pandemic losses (calculated at £1b last year, with £700m assumed this year) and the ongoing impacts both of lost tax income and risk of adult social care reforms, meant that up to £400m of savings would be needed in the next year
- other concerns were: the late timing of the settlement in terms of budget setting; the uncertainty of only having a single year settlement; the Government's assumptions within Core Spending Power tending to overstate the level of resources available; and the approach to distributing Social Care grant, which relies entirely on adult social care relative needs, whereas if adult and children's social care needs were taken into account equally, London would receive more than £200m more in funding
- while the Government had confirmed that they were to undertake a review of needs and resources associated with the reforms, beyond the commitment to consult in the coming months there were no further details.

In terms of future lobbying, the following priorities were confirmed:

- the need to ensure that London's housing pressures were reflected in measures of deprivation

- a requirement that population projections were accurate – following the short-term fall in London's population at Census 2021
- an assurance that any measures of need were up-to-date in light of the pandemic
- any changes in area costs should reflect London wide property and labour costs.

Members thanked London Councils for the presentation; it was agreed that the slides would be shared with members. The following points were made in response to the presentation:

- there was a need to be clear about the London impact of the various financial pressures eg adult social care integration, to help members lobby and influence within the funding review. It would be useful to have a list of the financial implications, London's lobbying position and the consequences for the capital if the asks were not achieved
- members should seek a meeting with Ministers at the point where a submission was to be made, and to concentrate on key issues when lobbying. There was concern that the lobbying around London being the 'engine' for the UK economy had yet to be fully delivered. There was also a need to consider other lobbying avenues such as Team London, and to ensure that the evidence provided was clear and accurate
- in considering higher living costs in the capital, the definition should include travel and child care costs, not just housing
- it would be useful to construct a policy paper which connected all the sectors, detailing London's position, on the basis that it was not helpful to see London boroughs' issues in isolation.

In response to members' comments, it was noted that the finance reforms and any changes to distribution change would impact on different areas of London in different ways, and would be focused on the distribution of core funding; as such the methodology was likely to have a narrow scope focused on the drivers of need spend, but it would be possible to focus on those wider issues around London's contribution to the economy in any future Ministerial meetings.

Members noted the contents of the report.

6. Health and Care Integration

London Councils' Strategic Lead for Health & Social Care presented a set of slides which reviewed the major changes regarding integrated care and also contained timescales for the new ICS arrangements and examples of collaboration between health and local government.

Members were informed that:

- the NHS aims for the creation of ICS structures were, in part, to improve cross-organisational arrangements and to deliver preventative care using community-based and home-based services
- the three elements of integration were the ICS structures, Place (ie boroughs) and Primary Care networks, but Place received less focus within the overall subject area
- in 2021 Leaders' Committee endorsed a set of six high level policy aims and aspirations. Progress had been made regarding out of hospital and community care, which was seen as vital in planning terms, Pandemic learning and Place level leadership
- in terms of more progress needing to be made, discharge arrangements, financial pooling at a borough level, the relationship between Place and the Health and Wellbeing Boards and the Primary care networks continued to require more work
- there were opportunities for boroughs to positively contribute to responding to ill health and health inequalities and to concentrate future planning within preventative community-based services, acknowledging the importance of governance and decision making models
- in terms of timescales, the introduction of the new legal structures had been moved to 1 July
- some examples of active Place based health partnerships were shared, namely: Harrow Place Partnership (which had addressed health inequalities, the need for multi-disciplinary care models and strong governance); the SE London ICS which was pursuing a preventative

approach, joining up across health and other public services to support its objectives; and Greater Manchester, where resources were being allocated from a single pot, developing Neighbourhood models of working together which had enabled the empowerment of teams to work across boundaries and give clarity on delegation of budgets.

Members made the following points:

- in terms of ICS Governance the NHS was of the view that elected members may not sit on the Board. It was felt that further lobbying was required on this issue. LGA legal advice had been provided stating that elected officers were able to sit on the ICB. It was felt that legal advice needed to be obtained in London, with a view to revisiting the issue at the March London Health Board meeting
- discharge issues were a key concern, in that the service should be personalised. The benefit that boroughs brought to the table was a person centred approach, which minimised delays and was also financially beneficial
- in that the arrangements at a borough level were only effective if there was integration at Place level, it was recognised that not all boroughs had strong partnerships and as such there was potentially a role for London Councils to identify where support needed to be given
- it was important not to sideline Health and Wellbeing Boards and decisions should be informed by Place based discussions.

The Strategic Lead for Health & Social Care thanked members for their comments, agreeing that the person centred approach to care was essential; also that he would gather learning regarding the Health and Wellbeing Boards, and consider further the assistance that could be provided to boroughs whose Place arrangements needed support. Finally, he would do some work on the different ICS models, recognising that although ICS models may differ a general position for London could be agreed, with the support of the CE leads.

Members thanked London Councils for the presentation and noted the contents of the report.

.

7. Personal Safety for Councilors

The Head of Governance introduced the report and made the following points:

- due to ongoing concerns about personal safety of members, London Councils had been asked to look at developing some pan London approaches to the issue in terms of support and guidance
- a report had now been prepared, with members' comments invited prior to the report being considered at the next meeting of the Leaders' Committee
- the work had highlighted that harassment and intimidation were significant reasons why people considering standing as candidates for election might change their minds
- in preparing the report, members' concerns about the safety implications of their home addresses being made public had been factored in; boroughs had been surveyed about guidance and training provided to members in this area. In response 19 boroughs had returned surveys, which showed that 8 had, in full or in part, removed members' addresses; the other 11 boroughs considered the issue on a case by case basis. 11 boroughs had provided guidance or training on the subject. Boroughs had to agree to sharing published guidance
- members were also asked in the report whether they would be happy to sign up to lobbying for a potential change in legislation regarding address removal; they were also informed that, as the research had shown a range of responses by the police in this area, work should be done to achieve a consistent approach by the police when supporting members

London Councils officers were thanked for the report, and members made the following points:

- in terms of the different approaches by the police when providing support to Councillors compared to, for example, MPs, and the current position whereby members subject to harassment were required to take their own private action, it was hoped that boroughs might be able to directly access

Government social media liaison teams to develop a collective duty of care to members

- one borough had developed a partnership with YouTube whereby a named officer was classified as a 'trusted reporter' to escalate issues with the social media provider if they occurred
- appropriate training for new Councillors, and a clearer definition of 'vexatiousness' should both be developed
- practical guidance for members, including the various parts of legislation available to them where there were personal safety concerns, and the support to be provided by boroughs, was essential
- as well as the support and guidance, it was also felt important that boroughs should be clearer about communicating the respect required of those taking public service
- members generally agreed with the policy of removing their home addresses from information in the public domain, and to help lobby for this change.

The Chair thanked members for their contributions, and members noted the report.

8. Audited Accounts 2020/21

Members received the audited statement of accounts for 2020/21 and the comparison results to the pre-audited position reported to the Executive at its meeting held on 22 June 2021.

Members noted the report.

9. Nominations to Outside Bodies

The Director of Corporate Governance informed members that the report provided the Executive in its capacity as the Appointments Panel, with details of London Councils' nominations/appointments recently made to outside bodies.

Members noted the nominations/appointments made by the Chief Executive on behalf of London Councils.

The meeting ended at 11:10

Executive

Levelling Up White Paper and UK Shared Prosperity Fund

Item no: 5

Report by: Dianna Neal **Job title:** Strategic Lead: Enterprise, Economy and Skills
Date: 1 March 2022
Contact Officer: Dianna Neal
Telephone: 07813 867371 **Email:** Dianna.Neal@londoncouncils.gov.uk

Summary: This paper sets out the government's proposals around the UK Shared Prosperity Fund (UKSPF) within the context of the Levelling Up White Paper and the implications of the approach for London boroughs.

Recommendations: Executive is asked to note and comment on this report, including the proposed principles to underpin our approach to UKSPF set out in paragraph 9 and the next steps in para 13.

Levelling Up White Paper and the UK Shared Prosperity Fund

Introduction

1. The government published its Levelling Up White Paper on 2 February 2022. The White Paper set out four high level policy goals to boost productivity, pay, jobs and living standards by growing the private sector; spread opportunities and improve public services; restore a sense of community, lost pride and belonging and to empower local leaders and communities. It outlined 12 missions to achieve these goals by 2030.
2. The White Paper set out plans for how the UK Shared Prosperity Fund (UKSPF) would operate, supported by pre-launch guidance¹ for the UKSPF.

Background

3. The UKSPF replaces European Structural and Investment Funds (ESIF), which the UK will no longer receive now it has left the EU. ESIF was split into two main funds - one used to support businesses, encourage innovation and support regeneration² and another to support Londoners into employment and to increase their skills³. London's total ESIF allocation for the last seven-year programme was £626.2m which was split £192.5m for support to businesses and regeneration and £433.7m for employment and skills provision. The Spending Review allocated £2.6bn for UKSPF for its first three years⁴ across the whole of the UK. No further breakdown of UKSPF allocations between nations/areas or capital/revenue has been provided.

UKSPF – what is known so far

4. The government has set out its broad approach to the UKSPF but many details are still unknown. The government has aligned UKSPF to delivering its policy goals of building 'Pride in Place' and increasing life chances. It has set out three priorities for the fund: 1. Communities and Place; 2. People and Skills and 3. Supporting local business. Details on the types of activities included are set out in Appendix 1.
5. UKSPF will be allocated to different areas across England; it will not be a competitive bidding process into central government. It will be allocated to the GLA

¹ <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-pre-launch-guidance/uk-shared-prosperity-fund-pre-launch-guidance>

² Funded under the European Regional Development Fund (ERDF)

³ Funded under the European Social Fund (ESF)

⁴ 2022-23 – 2024-25

and MCAs and lower tier authorities elsewhere. There is no detail yet on the allocation formula. To access London's allocation, the GLA will develop an investment plan, setting out measurable outcomes and priorities for London's UKSPF within a national framework. It's not clear how prescriptive the national framework will be. The government will need to agree the investment plan. The GLA will also manage and monitor the delivery of UKSPF, with flexibility in how it does this⁵. Lead authorities are encouraged to link UKSPF to other funds, such as the Levelling Up Fund, but it is not clear if the concept of 'match funding' that applied to EU funds will apply to the UKSPF.

6. The government has also announced that:

- each area must include a ringfenced amount of funding for the Multiply programme aimed at improving adult literacy – again, no allocations between local areas have been announced⁶.
- UKSPF will focus on communities and place and local business interventions to boost pride in place in 2022-23 and 2023-24, rather than investment to support people and skills.

7. The timescale for agreeing the investment plans is very tight. The government will publish a full UKSPF prospectus and commission the investment plans from local areas by the spring. Areas should have received their indicative allocations of UKSPF by then. Local areas need to submit their investment plans to the government this summer.

Approach to UKSPF in London

8. The arrangements for UKSPF should acknowledge the unique governance arrangements within London and the scale and diversity the city compared to other MCAs. Given the focus on local communities and place, London boroughs should be central to the oversight, development and delivery of the fund, working alongside the GLA as the other democratic tier of government in the city. Boroughs have demonstrated through the pandemic that delivering services as close to communities as possible, particularly to more vulnerable communities, is highly effective.

⁵ The pre-launch guidance states that 'they may wish to use a mix of procurement, local competitions or deliver some activity through in-house teams'

⁶ £559m of funding has allocated to the Multiply programme

9. London Councils has started discussions the GLA and government around securing a central role for boroughs within UKSPF. We think this should be based around the following principles:
- Use the Economic Recovery Framework for London, jointly developed and agreed by London Councils and the GLA, as the framework for the UKSPF investment plan for London.
 - The priorities and funding for the UKSPF investment plan should be co-designed with London boroughs, building on our joint work around recovery.
 - Much of UKSPF should be allocated to either the SRP or borough level rather than a competitive bidding process, to reflect local priorities and enable delivery close to communities.
10. The government has not released details of the allocation formula for UKSPF between areas. Formula used to identify priority places for the Levelling Up Fund and UK Community Renewal Fund did not fully reflect the economic and social inequalities across London. Consequently, the capital received a very small proportion of funding under these initiatives compared to ESIF. A funding allocation to London also raises the question about how this should be distributed across London boroughs. London Councils will need to work closely with the GLA on lobbying the government on the funding formula to ensure it reflects London's needs but also on how UKSPF might be allocated across London boroughs.
11. Under ESIF, the GLA used the LEAP⁷ to advise the Mayor on the priorities and projects for ESIF funding, supported by an ESIF Committee. Boroughs accessed ESIF primarily through competitive bidding processes, which is resource intensive.
12. The government's intention to focus UKSPF primarily on communities and place and local business rather than employment and skills interventions in the first two years could be challenging. London has placed greater investment in employment and skills compared to other areas under ESIF and this could result in a significant reduction in employment and skills provision at a time where unemployment in the city remains above pre-pandemic levels and high in some areas and for some groups of Londoners. The pre-launch guidance allows areas to 'maintain the

⁷ London Economic Action Partnership

flexibility to fund voluntary sector organisations delivering locally important people and skills provision, where this is at risk due to the tail off of EU funds’.

Next steps

13. London Councils will:

- Continue discussions with GLA and government, setting out a case for a central role for boroughs within the UKSPF, including writing to the Secretary of State for Levelling-Up, Housing and Communities.
- Continue to develop proposals around governance, process and funding allocations for UKSPF and will refine these based on the discussion here.
- Work through the Economic Recovery Task and Finish Group to get senior political and officer input into our work on UKSPF and report progress to Leaders’ Committee in March.

14. This will also be informed by wider work on Levelling Up, such as London’s relative performance on each of the 12 missions.

Recommendations

15. Executive is asked to note and comment on this report, including the proposed principles to underpin our approach to UKSPF set out in paragraph 9.

Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

None

Investment priorities for UKSPF from the government's pre-launch guidance

Communities and place

The overall objectives of this investment priority are:

- Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects.
- To build resilient and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built environment and innovative approaches to crime prevention.

Example interventions may include, but are not limited to, visual improvements to town centres and high streets, cultural/visitor economy interventions, litter, waste and graffiti reduction, projects to fight antisocial behaviour, and capital funding to improve neighbourhoods or community projects and initiatives.

Local businesses

The overall objectives of this investment priority are to:

- Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
- Promote networking and collaboration, through interventions that bring together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.
- Increase private sector investment in growth-enhancing activities, through targeted support for small and medium-sized businesses to undertake new-to-firm innovation, adopt productivity-enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.

Example interventions may include, but are not limited to, support to increase town centre footfall, outdoor markets, the development of cultural, visitor and heritage assets, targeted business growth and innovation support.

People and skills

The overall objectives of this investment priority are to:

- Boost core skills and support adults to progress in work, by targeting adults with no or low level qualifications and skills in maths, and upskill the working population, yielding personal and societal economic impact, and by encouraging innovative approaches to reducing adult learning barriers.
- Support disadvantaged people to access the skills they need to progress in life and into work, for example the long-term unemployed and those with protected characteristics through funding life, and basic skills where this is not delivered through national or local employment and skills provision.
- Support local areas to fund local skills needs and supplement local adult skills provision e.g. by providing additional volumes; delivering provision through wider range of routes or enabling more intensive/innovative provision, both qualification based and non-qualification based.

- Reduce levels of economic inactivity and move those furthest from the labour market closer to employment, through investment in bespoke employment support tailored to local need. Investment should facilitate the join-up of mainstream provision and local services within an area for participants, through the use of one-to-one keyworker support, improving employment outcomes for specific cohorts who face labour market barriers.

Example interventions may include technical and vocational qualifications in areas where there are skills shortages locally; and intensive, wraparound one-to-one support to address barriers to employment, supplemented by additional services. Additional services may include life skills, basic skills and specialist support including achieving basic qualifications in alternative settings, work experience, supported employment, enrichment activities, counselling and advice, and community referrals. These interventions should be additional and complementary to existing employment and skills provision in each area.

Executive

Month 9 Revenue Forecast 2021/22

Item no: 6

Report by: David Sanni **Job title:** Acting Director, Corporate Resources
Date: 1 March 2022
Contact Officer: David Sanni
Telephone: 020 7934 9704 **Email:** David.sanni@londoncouncils.gov.uk

Summary

This report summarises actual income expenditure recorded in the accounts as at 31 December 2021 (Month 9), provides a projected outturn figure for the year and highlights any significant forecast variances against the approved budget. The Executive is also provided with an update on London Councils reserves. The summary forecast outturn position is as follows:

| | M9 Actual | Revised Budget | Forecast | Variance |
|------------------------------|------------------|-----------------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Total expenditure | 248,724 | 336,034 | 332,758 | (3,276) |
| Total income | (248,968) | (332,893) | (331,312) | 1,581 |
| Use of reserves | (1,131) | (3,141) | (3,058) | 83 |
| Net deficit/(surplus) | (1,375) | - | (1,612) | (1,612) |
| Net expenditure by Committee | | | | |
| Grants | 579 | - | (11) | (11) |
| Transport and Environment | (691) | - | (1,101) | (1,101) |
| Joint | (1,263) | - | (500) | (500) |
| Net deficit/(surplus) | (1,375) | - | (1,612) | (1,612) |

Recommendations The Executive is asked to note the overall forecast surplus as at 31 December 2021 (Month 9) of £1.612 million and note the position on reserves as detailed in paragraphs 7.

Month 9 Revenue Forecast 2021/22

Introduction

1. London Councils revenue expenditure budget for 2021/22, as approved by the Leaders' Committee in December 2020, was £341.317 million. The budget was subsequently revised to £336.034 million as a result of the following:
 - Confirmation of payments in respect of concessionary fares including payments to the Rail Delivery Group resulting in budget a reduction of £6.894 million;
 - The decision of TEC to bring forward underspends of £141,000 that arose in 2020/21 into the current year;
 - Amounts transferred from the TEC special projects reserve of £442,000 to support the climate change agenda and other system developments;
 - Confirmation of the application of £627,000 Section 48 grant reserves in 2021/22 to fund the remaining no recourse to public funds programme and youth homelessness hub as agreed by members;
 - Carry forward of 2020/21 Joint Committee underspends totalling £378,000 relating to the Challenge Implementation Fund and London Councils contribution to the health agenda; and
 - Finally, confirmation of commitment of £23,000 to support London's recovery from the Covid-19 pandemic.
2. The corresponding revenue income budget approved by the Leaders' Committee in December 2020 was £341.317 million, which included an approved transfer of £1.530 million from reserves. Additional transfers from reserves of £1.611 million were made to cover carry forward expenditure, use of Grants Committee reserves, reduced Concessionary Fares funding from the boroughs and TfL of £6.894 million and use of TEC special projects reserves of £442,000. (see paragraph 1).
3. This report analyses actual income and expenditure after nine months of the current financial year and highlights any significant variances emerging against the approved

budget and includes an estimate of the continuing financial effects of the Covid-19 pandemic.

4. Table 1 below details the overall forecast position for the three funding streams.

Table 1 – Summary Income and Expenditure Forecast 2021/22, as at 31 December 2021.

| | M9 Actual | Budget | Forecast | Variance |
|---|------------------|----------------|-----------------|-----------------|
| Expenditure | £000 | £000 | £000 | £000 |
| Employee Costs | 3,166 | 6,242 | 5,800 | (442) |
| Running Costs | 2,129 | 3,630 | 3,401 | (229) |
| Central Recharges | 669 | 892 | 892 | - |
| Total Operating Expenditure | 5,964 | 10,764 | 10,093 | (671) |
| Direct Services | 8,853 | 10,015 | 10,637 | 622 |
| Payments in respect of Freedom Pass and Taxicard | 227,962 | 306,717 | 303,858 | (2,859) |
| Commissioned grants services | 4,622 | 6,173 | 6,124 | (49) |
| Commissioned grants services NRPFS | 236 | 327 | 327 | - |
| Commissioned grants services Youth Homelessness Hub | 300 | 300 | 300 | - |
| London Funders Group | 60 | 60 | 60 | - |
| Improvement and Efficiency work | 75 | 182 | 125 | (57) |
| YPES Regional/Provider Activities | 28 | 50 | 50 | - |
| Legacy Challenge Implementation Fund | 137 | 278 | 237 | (41) |
| Commissioning and Research | 394 | 642 | 507 | (135) |
| System Developments | 93 | 382 | 299 | (83) |
| Other Expenditure – Environmental initiatives | 0 | 144 | 141 | (3) |
| Total Expenditure | 248,724 | 336,034 | 332,758 | (3,276) |
| Income | | | | |
| Contributions in respect of Freedom Pass and Taxicard | (228,590) | (306,665) | (304,366) | 2,299 |
| Borough contribution towards grant payments | (4,506) | (6,173) | (6,173) | - |
| Borough contribution towards YPES payments | (180) | (180) | (180) | - |
| Income for direct services | (8,865) | (10,615) | (11,635) | (1,020) |
| Core Member Subscriptions | (4,420) | (5,728) | (5,728) | - |

| | | | | |
|---|------------------|------------------|------------------|----------------|
| Borough contribution towards LCP payments | (266) | (496) | (390) | 107 |
| Government Grants | - | - | - | - |
| Interest on Investments | (52) | (65) | (69) | (4) |
| Other Income | (380) | (670) | (493) | 177 |
| TfL Environmental initiatives | (57) | (98) | (76) | 22 |
| Central Recharges | (1,652) | (2,203) | (2,203) | - |
| Transfer from Reserves | (1,131) | (3,141) | (3,058) | 83 |
| Total Income | (250,099) | (336,034) | (334,370) | 1,664 |
| Net Expenditure | (1,375) | - | (1,612) | (1,612) |
| | | | | |
| Applied to Funding Streams | | | | |
| Grants Committee | 579 | - | (11) | (11) |
| Transport and Environment Committee | (691) | - | (1,101) | (1,101) |
| Joint Committee Functions | (1,263) | - | (500) | (500) |
| Net Expenditure | (1,375) | - | (1,612) | (1,612) |

5. The projected surplus of £1.612 million across all three committees is made up broadly of the following:

- Employee costs are projected to underspend by £442,000, with the majority being within the Joint Committee. Approximately £166,000 of this variance relates to a 2% pay award included within the current year budget. Should a pay award be granted, following negotiations between employers and the unions, this underspend will reduce. The remainder of the underspend is primarily due to deferring recruitment to certain vacant posts or time lag during recruitment campaigns, along with an underspend on the maternity budget provision;
- There is an anticipated underspend of £229,000 on running costs against an annual budget of £3.63 million, largely within the Joint Committee and TEC. Whilst this projected underspend is spread across several budgets, Covid-19 continues to have an impact upon the levels of expenditure. Savings on general office running costs along with a reduction in meeting support costs as a result of being unable to host external meetings in the first part of the year, which has led to a projected reduction in income;

- There is a net underspend on Direct Services budgets of £398,000 of which £367,000 relate to TEC and are primarily made up of:
 - An underspend of £109,000 on the cost of administering the Hearing Centre at Chancery Exchange where appeals are heard. This is largely a result of small savings across various expenditure codes including staff vacancy periods; and
 - A £179,000 underspend on Lorry Control Administration, predominately due to an underspend of the £141,000 carried forward budget set aside to contribute towards a review of the service. Due to the timing of this work, it is likely that the majority of this will remain unspent and therefore a carry forward request will be made to members at the year-end in order to undertake work on the remaining review recommendations in 2022/23; and
 - A projected overall deficit of £69,000 in respect of TEC parking traded services, after considering an estimate of the level of borough/TfL/GLA usage volumes during the first three quarters of the year; and
 - Based on income collected to date, receipts from Lorry Control PCN income are forecast to exceed the £1 million budget by £200,000.
- There is a net underspend on Freedom Pass and Taxicard budgets of £560,000 which is primarily made up of:
 - A significant reduction of £2.475 million in payments made in relation to the Taxicard scheme based on current projected trip data. There is a corresponding reduction of income and therefore, has no impact to the bottom-line. The borough proportion of this underspend is projected to be £1.588 million with £887,000 accruing to TfL.
 - The level of trips made in the claims submitted by the independent bus operators continues to be impacted upon by the Covid-19 pandemic, which

was reflected when setting the 2021/22 budget. Trip data for the first 9 months indicates an ongoing recovery with expenditure forecasted to be £836,000 compared to an annual budget of £1.1 million, a projected reduction of £264,000. Details of the full year claims will be reported to this Committee as part of the pre audit outturn figures in July 2022;

- A projected underspend of £91,000 in respect of the £1.518 million budget for the issuing/reissuing costs of Freedom Passes. Costs associated with this budget can fluctuate throughout the year based on activity levels. Officers will therefore continue to monitor and manage this budget during the final part of the year; and
- Based on income collected to date, income receipts from replacement Freedom Passes also appear to be recovering from the pandemic and associated lockdowns. The 2021/22 revenue budget was reduced by £150,000 to reflect potentially lower levels of income. Of the £600,000 annual budget, forecasted receipts are anticipated to be approximately £793,000 generating a surplus of £193,000, net of bank charges which, along with the above projected reissue budget underspend, will be applied to the TEC committee Freedom Pass Renewal Specific Reserve.
- From transactions processed in the year to date and potential future commitments, there are forecast underspends of £57,000 in respect of the improvement and efficiency budget, this is an area which will be subject to developing proposals throughout the year. Similarly, the commissioning and health contribution budget of £642,000, inclusive of a carried forward balance of £100,000, is currently forecasted to underspend by £135,000, although £62,000 of this expenditure is matched with corresponding income. It is anticipated that this budget will be called upon to support the boroughs through the Covid-19 recovery and other priorities. Should some projects be delayed, particularly around the health contribution, it is anticipated that officers will put forward a carry forward request to members within the 2021/22 outturn report in June 2022.

- There is a deficit of £107,000 on borough contributions towards London Care Placement (LCP) income due to a corresponding underspend on the service. The contributions are matched against forecast expenditure and any surplus that arises will be deferred in order to finance future priorities within the service.
- Other income is forecast to be £177,000 less than budget for the year. This budget line continues to be seriously impacted upon by Covid-19. It is estimated that £160,000 of rental income from leasing out of vacant office space at Southwark Street will not be realised. Receipts in relation to room bookings, where external organisations hire out London Councils' meetings rooms, are forecasted to be £11,000 against a budget of £100,000, however we are anticipating a recovery on this budget as we emerge from the pandemic. There is, however, an additional £62,000 of funding received to provide ongoing Covid coordination support, which is matched by expenditure detailed above within the Commissioning budget.

Externally Funded Projects

6. The externally funded projects are estimated to have matched income and expenditure of just over £3.4 million for 2021/22. This is based on a review of the indicative budget plans held at London Councils by the designated project officers, which confirms that there is no projected net cost to London Councils for running these projects during 2021/22. However, due to the nature of these projects, it is likely that some may cross over financial years and therefore any underspend on these external funds will be carried forward to be utilised in the next financial year.

Reserves

7. The forecast reserves position for each of the three funding streams for the current year and beyond is illustrated in Table 2 below.

Table 2 – Forecast reserves after all current commitments

| | Transport and Environment Committee (£000) | Joint Committee (£000) | Grants Committee (£000) | Total (£000) |
|--|---|---------------------------------------|--|-------------------------|
| Audited General Reserves at 1 April 2021 | 3,877 | 6,344 | 1,363 | 11,584 |
| Audited Specific reserves at 1 April 2021 | 2,129 | - | - | 2,129 |
| Provisional reserves at 1 April 2021 | 6,006 | 6,344 | 1,363 | 13,713 |
| Committed in setting 2021/22 budget | (925) | (605) | - | (1,530) |
| Balances c/f into 2021/22 | (141) | (378) | - | (519) |
| NRPF grants commitments in 2021/22 | - | - | (327) | (327) |
| Youth Homelessness Hub 2021/22 | | | (300) | (300) |
| Provisional other commitments for 2021/22 -2022/23 | (1,138) | (223) | - | (1,361) |
| Approved in setting 2022/23 budget (December 2021) | (881) | (623) | - | (1,504) |
| Projected surplus/(deficit) for the year | 1,101 | 500 | 11 | 1,612 |
| Uncommitted reserves | 4,022 | 5,015 | 747 | 9,784 |

8. The current level of commitments from reserves, as detailed in Table 5, come to £5.541 million over the short-medium term and are detailed in Table 6 below:

Table 3 – Commitments from Reserves 2021-2024

| | 2021/22 | 2022/23 | 2023/24 | Total |
|---|----------------|----------------|----------------|--------------|
| | £000 | £000 | £000 | £000 |
| Balances b/f from 2020/21 | 519 | - | - | 519 |
| Approved transfer from JC general reserves | 505 | 523 | - | 1,028 |
| Digital enablement 2022/23 | - | 100 | - | 100 |
| Approved transfer from TEC general reserves | 925 | 881 | - | 1,806 |
| NRPF | 327 | - | - | 327 |
| Youth Homelessness Hub | 300 | - | - | 300 |
| Support to the health transition process | 100 | 100 | 100 | 300 |
| Support for Covid-19 Recovery | 23 | - | - | 23 |
| TEC priority projects | 442 | 696 | - | 1,138 |
| Totals | 3,141 | 2,300 | 100 | 5,541 |

9. For the Joint Committee functions, uncommitted general reserves are projected to be £5.015 million at the end of the current financial year. In a period of continuing financial constraint for London local government, there is continued value in holding a reasonable level of reserves as a contingency against unforeseen circumstances. This will also facilitate a period of transition for the organisation, both in terms of working with members to fulfil the Shared Ambitions for London and London Councils and managing the impact of the Covid-19 pandemic.

Conclusions

10. This report highlights the projected outturn position for the current year, based on transactions undertaken up until 31 December 2021 (month 9), together with known future developments. At this point, a forecast underspend of £1.612 million is projected for 2021/22 across the three funding streams. Uncommitted reserves across the three funding streams are currently projected to be just under £9.8 million by the end of the current financial year.
11. The next report will be presented to the Executive in June 2022, which will highlight the provisional financial results for the 2021/22 financial year, prior to the external audit.

Recommendations

12. The Executive is asked to note the overall forecast surplus as at 31 December 2021 (Month 9) of £1.612 million and note the position on reserves as detailed in paragraphs 8.

Financial Implications for London Councils

No additional implications other than detailed in the body of the report.

Legal Implications for London Councils

None.

Equalities Implications for London Councils

None.

Appendices

None.

Background Papers

London Councils Revenue Forecast File 2021/22.