



LONDON COUNCILS JOINT COMMITTEE
CONSOLIDATED STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2021

LONDON COUNCILS - JOINT COMMITTEE

Contents

Page

Narrative Report to the Statement of Accounts	1-37
Statement of Responsibilities for the Statement of Accounts	38
Approval Certificate	39
Annual Governance Statement	40-47
Independent Auditor's Report	48-50
Consolidated Comprehensive Income and Expenditure Statement	51
Consolidated Movement in Reserves Statement	52
Consolidated Balance Sheet	53
Consolidated Cash Flow Statement	54
Notes to the Consolidated Accounts	55-87
Appendices	88-91
Glossary	92-97

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**Annual Review****Prologue**

On Wednesday 12 February 2020, a patient undergoing treatment at Guy's and St Thomas' hospital became the first person in London (the ninth in the UK) to test positive for Covid-19.

By the 23 March the Prime Minister would be announcing wide-ranging restrictions on freedom of movement, under a 'stay-at-home' order which would last 'for at least three weeks'.

The first wave of the pandemic hit London faster and harder than elsewhere. Of the 20 UK local authority areas reporting the highest death tolls in the first weeks of the pandemic, 16 were London boroughs.

As the first lockdown was initiated and the public health implications of Covid-19 became devastatingly apparent, national, regional and local government's focus was rapidly directed to addressing the unparalleled challenge of controlling the spread of a deadly disease and protecting the most vulnerable, while continuing to deliver vital services and sustaining jobs and the economy.

As the level of government closest to the communities it serves, London's boroughs were in the frontline of ensuring essential services were delivered and vulnerable residents protected and supported.

Essentially overnight, boroughs began establishing shielding hubs to provide support to vulnerable residents within their areas. These hubs had to be developed both at pace and within a context of changing, and sometimes unclear, commitments from government.

Working with partners in the voluntary and community sectors, boroughs established processes and committed resources to deliver food packages and medicines to those deemed by the NHS to be the 'shielded' cases most vulnerable to the disease. And, because they know their communities first-hand, they quickly identified a broader range of residents who would need support and services delivered.

At the same time as developing and implementing entirely new services, boroughs had to quickly adapt their own established ways of working, to become agile workplaces that were safe for their thousands of frontline workers, from care home assistants and refuse collectors, to youth workers, housing officers, maintenance workers and pest controllers.

London Councils was well placed to support decentralised working, having moved to an agile working framework and the roll-out of networked laptops to all staff from December 2018 onwards, as part of the organisation's IT transformation programme.

London Councils supported the coordination of borough communications efforts throughout the pandemic enabling boroughs to communicate in a clear and co-ordinated way, share good practice at pace and develop innovative and culturally competent communications including WhatsApp videos, community champions, teaching resource packs and the Keep London Safe campaign.

To support our members' online engagement with all of London's communities, London Councils developed a toolkit for virtual community events to support vaccine confidence. More than 50 online events were held in three months aimed at engaging London's communities and harnessing trusted organisations and individuals. Examples include an online Covid-19 vaccine information event with the Bangladesh High Commissioner, an online vaccine information event with the Turkish-speaking community that had more than 2,500 attendees, and an upcoming pan-London online event with Black councillors in London. London Councils quickly developed high-quality approaches to digital communications, including London's first on-line all councillor event in January, a successful 'youth shout out' event that actively engaged with young people from all 32 boroughs, and a series of events for staff to ensure that the organisation was able to focus its energies in supporting the boroughs and support staff through the pandemic.

At the heart of the capital's collective response were partnerships and collaboration that were either led, coordinated or assembled by the London boroughs and their membership organisation London Councils.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

And as big as the challenge was, Londoners' trust in their local council to deliver the services and support they needed was well placed.

London Local government's response to the pandemic was grounded in established protocols and ways of working that have been developed through our shared commitment to building London's resilience and protecting Londoners.

The Covid-19 pandemic inevitably dominated the work of London Councils and the London boroughs (directly and indirectly) through 2020/21. So, while this review reports back on specific outcomes and individual workstreams undertaken by the organisation in 2020/21, this is most accurately viewed through the perspective of the evolving Covid-19 emergency, its emerging lessons and wider implications of the pandemic on our work going forward.

This annual review also frames two overarching strategies central to London local government's ambitions to build back better: Tackling racial inequality and combatting climate change.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Covid-19 Response and Mitigation****Preparedness**

London local government's collective resilience arrangements have grown in recent years, learning from the experience of significant events, including a series of notable emergency incidents throughout 2017.

A programme of training and exercises also helped to build resilience at a local and pan-London level, including learning from boroughs' participation in the national Exercise Cygnus in October 2016, which tested the response arrangements for a pandemic.

The legal basis for collaboration is rooted in the Civil Contingencies Act 2004, which defines local authorities as Category 1 responders. The Act places several duties on authorities, including assessing risks, preparing emergency plans and co-operating with other local and regional responders. The guidance which accompanied the Act set out specific arrangements for London, which were refreshed in July 2012 - following the Coroner's report on the 2005 London bombings. It sets the framework for London's statutory Local Resilience Forum, which is known as the London Resilience Forum (LRF).

The LRF formally agrees a number of partnership plans which respond to identified risks and collectively set out a platform for collaboration. This includes London's Multi-Agency Pandemic Plan, which was developed in 2018, and a Strategic Co-ordination Protocol.

To ensure that councils can play an effective part in the pan-London response to emergencies, chief executives play a co-ordinating role during a response, allowing the sector to be formally represented on pan-London Strategic Coordination Groups, as and when required.

The London Resilience Group provides the secretariat to the SCG and supports partner organisations, each of whom have specific responsibilities for preparing for, and responding to, emergencies.

Reviewed and strengthened

In 2017, London Councils' Leaders' Committee commissioned an independent Peer Challenge on London local government's collective resilience arrangements. The outcome of the work – the Emergency Planning 2020 Prospectus – set out ways in which both individual and collective resilience arrangements between boroughs and sub-regional partnerships could be strengthened.

London Councils' Leaders' committee considered the report in the spring of 2018 and went on to agree a detailed implementation plan, which was received by Leaders' in July 2018. It was agreed that the Local Authorities' Panel (LAP) - which has managerial oversight of the collective borough resilience arrangements - would oversee implementation and bring periodic progress reports to Leaders' Committee.

Initiatives taken forward within the remit of the plan include.

- The development of 'Resilience Standards for London' which form the core of a new assurance approach based on a sector-led improvement philosophy. It relies on three tiers of assurance: regular self-assessments, sub-regional challenge sessions and a programme of external peer challenge (delivered in partnership with the LGA).
- The establishment of new local authority sub-regional arrangements to enhance collaboration and improve delivery.
- The completion of a community resilience review, which highlighted some practical ways in which local government can make a difference.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- London Councils officers worked with LAP colleagues to assist delivery of the implementation plan. In the months prior to the pandemic, this support focussed on:
- The establishment of a Directors of Communications mutual support network, including procedures, guidance and training, and maintenance of a cadre of press officers available to enhance capacity in affected boroughs when required.
- Working with Leading Elected Members to develop a 'Civil Resilience Handbook for Councillors in London Local Authorities' approved by Leaders' in July 2019. In light of the pandemic the guide was updated and re-supplied to every London councillor in April 2020.
- Hosting two half-day training courses for Leaders, to illustrate how the guidance can be used in practice (October 2019 and January 2020).

To supplement this, London Councils officers created materials and course outlines to support individual boroughs in running their own courses, including:

- i. A generic course for all councillors, which authorities can deliver locally.
- ii. A more detailed, role-specific course for local Ward Councillors, which authorities may wish to deliver in partnership with neighbouring councils.
- iii. A course which is focused on role of Leaders/Directly Elected Mayors and other nominated Lead Cabinet Members.

Pandemic planning

Public Health England (PHE) colleagues provided a briefing to the London Resilience Forum (LRF) at its regular quarterly meeting on 23 January 2020. This led to the formal initiation of several workstreams, including the commissioning of an updated version of the London's London Multi-Agency Pandemic Plan, designed specifically to respond to the emerging evidence about the novel coronavirus.

By the end of January, all borough-level Resilience Forums were starting to review their own pandemic plans considering the revised pan-London framework.

Cross sector resilience

London's first formal cross-sectoral resilience partnership meeting took place in late February, this was a precursor to:

- A special meeting of the Mayor's Advisory Group, which the Chair of London Councils attended on 2 March 2020, and:
- The initiation of a formal Strategic Co-ordination Group (SCG) on 3 March 2020. The SCG was initially chaired by Public Health England colleagues and included the regular duty London Local Authority Gold (LLAG) chief executive to represent the sector.

As the scale of the incident became clearer, the structures were enhanced as follows:

- An independent chair was introduced for the SCG, in part to relieve some of the demands on PHE. Jon Barradell, chief executive at the City of London, and Eleanor Kelly, chief executive at Southwark, became co-chairs.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- A dedicated Local Authority Gold chief executive was introduced to provide continuity and release the regular on-call Gold chief executive to respond to any other incidents which might occur. Initially, this role was covered by Eleanor Kelly, working with the support of a number of other chief executives.
- Subsequently, Martin Esom, Chief Executive at Waltham Forest, took the role of London Local Authority Co-ordinating 'Gold' chief executive for Covid-19, representing local authorities on the SCG.
- Martin Esom was supported by 'Deputy Gold' chief executives who cover sub-regional resilience footprints.
- A range of Task and Finish groups were established, led by chief executives, covering key local government issues such as Adult Social Care, PPE and Shielding.
- London's Gold response was also supported by a wider group of chief executives, directors, professional networks, other staff and colleagues from London Councils.

Individual boroughs put business continuity plans into place and stood up local strategic and tactical response arrangement, including setting up Borough Emergency Co-ordination Centres.

There was a clear line of sight between these local arrangements, London Local Authority Co-ordinating Gold and the Strategic Coordination Centre, which provided a channel to escalate and help resolve issues.

This work was underpinned by arrangements that were rapidly established to collect and analyse data on the impact of Covid-19 in every London local authority.

From the onset of the pandemic, councils led on a range of local initiatives, including developing hubs that will provide support to vulnerable people, in liaison with the NHS, voluntary organisations and other partners.

In addition, London Councils offered support in relation to:

- Local Government Finance. Officers engaged with Treasurers, SLT and MHCLG officials, as well as advising the Lead chief executive - to support boroughs to the preparation and assurance of their assessment of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London. This formed the basis of the collective case to government around challenges for councils, particularly loss of income (including council tax and business rates), as well as direct costs and undelivered savings.
- London Councils' chief executive was a key point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures.
- London Councils redirected internal resources to help meet the needs of the response.
- We updated the Civil Resilience Handbook for London Councillors, first published in 2019, to reflect the latest advice in relation to the Covid-19 pandemic. This was despatched to all elected councillors in London with an online member briefing in April 2020.
- Communications support and advice, including providing daily updates and weekly video call briefings to borough directors of communications; coordinating borough participation in the #LondonTogether social media campaign, working with the SCG Comms Hub to respond to media enquiries on a pan-London basis, stakeholder engagement with the business and voluntary sectors and mortuary management leads; and proactive communications support, for example on the Proud

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

to Care social worker recruitment campaign and the #KeepLondonSafe public information campaign.

- A regular briefing for all elected members in London, which included an overview of key issues and links to useful resources, was sent weekly through the first phase of the pandemic. A daily briefing to all borough heads of communication was sent at 5pm every day (Monday to Friday) from March 2020 to May 2021.
- Continuing our policy and influencing work, for example: on business, the economy and Community Safety. This included:
 - Monitoring key economic concerns across boroughs; making the case for support to local businesses and the self-employed and convening economic Development Leads.
 - Convening member level 'virtual meetings' in relation to Business and Economy Leads; TEC in relation to transport and the environment; Housing Leads; Community Safety; and Children's Services - including liaison with MPS (Metropolitan Police Service) leads and MOPAC (Mayor's Office for Policing and Crime).
 - Enabling statutory children's safeguarding partners, including children's services, the MPS and NHS, to meet at a London level, to consider the safeguarding and child protection risks to children and young people during lockdown, and reach collective agreement in respect of the need to heighten vigilance and maintain resourcing.
 - Working with health partners to negotiate an advice note to borough and CCGs in respect of the operational implementation of emergency discharge funding arrangements.
 - Collating and cascading borough innovation in practice to support households experience domestic violence and domestic abuse during lockdown.

Harnessing London local government's collective capacity and, where appropriate, bridging to the professional networks and wider resilience structures, including:

- Helping interpret the data to provide a 'stocktake' for LLAG and the SCG.
- Working with Housing Directors to ensure arrangements to provide appropriate support to rough sleepers placed in emergency temporary accommodation.
- Working with London Directors of Environment (through LEDnet) to develop guidance on opening Household Waste and Recycling Centres.
- Initiating research and data gathering on waste storage capacity and the potential to collaborate with the private sector on areas, such as waste collection and disposal.
- Working with the private sector to support key workers, such as car club and dockless bike operators, which made their fleet available free or at lower cost for essential journeys, such as those done by NHS workers.
- Working with ALDCS to convene pan-London discussions between commissioning leads to plan for mitigation and mutual aid in relation to high-risk placements and care package providers.
- With professional networks, initiating the development of the key learning points for the future of collaborative working with the NHS in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Member Level Engagement**

A regular Friday call for all London's Leaders was quickly established, along with the London Local Authority Co-ordinating chief executive and other senior advisers and guests, including the Minister for London and the Director of Public Health for London.

London Councils' Group Leaders instigated outline discussions with City Hall and other partners on the shape of the transition from Lockdown; the formal Recovery work and Covid-19. wider Renewal and Re-constitution work that will be required following representatives from City Hall and the SCG.

London Councils' Chair joined meetings with the Secretary of State (MHCLG), along with representatives of other local government representative bodies.

PPE Procurement

In May 2020, London boroughs agreed a new pan-London partnership to secure emergency supplies of personal protective equipment (PPE) for care homes and other crucial local services on the Covid-19 frontline.

The initiative was able to secure more than 48 million PPE items for all London local authorities to distribute at a time care services across London were facing intense pressures on supply.

The collaboration between the boroughs was built on a supply chain established by the West London Alliance. Through expanding the West London Alliance's successful shared procurement of PPE, all the 32 boroughs and the City of London Corporation were able to benefit from economies of scale and ease the strain on PPE supply lines caused by surging demand.

This work was supported by the London Strategic Co-ordination Group (SCG) as part of the capital's emergency response to the pandemic.

From the outset of the pandemic, London boroughs had consistently highlighted the importance of providing PPE to social care services to protect those most at risk from coronavirus. By working closely with local care providers and co-ordinating available resources, boroughs were able to focus support on vulnerable Londoners and those caring for them.

The pan-London procurement partnership significantly increased boroughs' access to PPE and addressed issues arising from an over-reliance on delivery from the government's emergency stocks while supply chains recovered to meet demand.

Eleanor Kelly, Deputy Chair of London's Strategic Coordination Group, said:

"By working together to deliver vital PPE equipment we are protecting carers, vulnerable people, and saving lives.

"London's local authorities are playing a leading role in the fightback against Covid-19. This crucial programme shows the capital's effectiveness as we combine to look after the most at-risk in our communities."

Proud to Care

As London boroughs worked around the clock to ensure vulnerable people affected by the pandemic could get the care and support they needed, the Proud to Care London partnership was established to streamline recruitment for additional workers needed to provide essential care in their communities.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The pan-London partnership offered a single recruitment site for a range of vital jobs providing care in care homes and residents' own homes, including care workers, care managers, social workers, occupational therapists, chefs and cleaners.

The single point of contact for suitable candidates matched them to jobs locally and offered them free online training.

Keep London Safe

When the national initiative to prevent the spread of Covid-19 using the NHS Test and Trace system was launched, it was quickly realised that London needed its own approach to address the unique challenges of diversity, deprivation and density.

The Keep London Safe campaign launched on 29 July to raise awareness of the importance of the Test and Trace system in keeping the infection rate low and steady in the capital. At the time of its launch, polling by GLA showed 44 per cent of Londoners didn't know how to get a test. The persistence and consistency of #KeepLondonSafe messaging around testing was an important factor in improving test awareness across the capital. Over the course of the campaign, the proportion of Londoners who said they were 'not confident' they knew how to get a test fell from 44 per cent (July 2020) to just 8 per cent (May 2021). Over the same period, the proportion of Londoners who said that they were 'confident' they knew how to get a test rose from 46 per cent to 88 per cent.

A collaboration between London Councils, the 32 London boroughs and the City of London Corporation, supported by Public Health England (PHE), the NHS, and the Greater London Authority (GLA), the partnership spanned borough boundaries to reach every corner of London's diverse communities. Keep London Safe provided single highly visibly and recognisable brand and reduced the need for duplication in quickly and effectively sharing key national public health messages around Covid-19, initially focussed on how to get tested, but also evolving to cover social distancing rules and vaccination cohorts.

Useful assets, including social media images, animations and large-scale advertising artwork, were shared with borough Heads of Communication via the daily Covid digest and discussed and reviewed at weekly heads of communications meetings hosted by London Councils. The assets were designed to be quickly and easily adapted to local messages to meet individual borough's needs.

Covid-19: Continuity of Services

London Councils is responsible for delivering a range of direct services to Londoners on behalf of their member boroughs. A number of actions were taken to ensure these services continued to support Londoners and/or were adapted to evolving circumstances. This included:

In advance of the first London diagnoses of Covid-19, London Councils instigated a review of business continuity plans for all its service areas. We completed detailed risk assessments and developed phased plans to cope with various scenarios. This enabled us to make swift decisions that ensured continued service delivery with partial and later full remote working. We ensured all staff and contractors had the right ICT equipment and work processes in place and kept our customers informed of any necessary service changes. This helped us keep all key services running and delivered to high quality standards.

Parking and Traffic Management coordination and advice:

London Councils helped lead London and national strategic responses to traffic and parking management during the pandemic. We led the drafting and issuing of London guidance for all authorities over the first weekend of lockdown in March 2020 and worked with the British Parking Association, Local Government Association and government to see this adopted and issued nationally soon after. This included the development, provision and eventual phased withdrawal of exemptions for critical health workers and volunteers. The guidance has been updated 14 times in response to changing rules and borough concerns,

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

but it is hoped this is the final iteration. London Councils' leading role in providing the guidance and lobbying for national support and consistency has been widely praised and recognised.

Lobbying for Under 18 Free Travel Arrangements to stay:

The temporary removal of free travel for under 18s was a condition of the initial bail-out agreement between the Mayor of London, Transport for London (TfL) and Department for Transport (DfT). The aim was to encourage more active travel among school children, to reduce the number of young people using public transport to aid social distancing. Boroughs have a legal responsibility to provide home to school transport for qualifying pupils but have been able to rely on the free travel provided to U18s by TfL since 2006. Boroughs were therefore concerned about the proposal's implications for young people and parents but also the financial, resource and legal implications for councils.

London Councils led borough input into the discussions between TfL and government about if, how and when the proposal could be implemented. We established a senior-level borough officer working group to coordinate this work, providing expert policy, technical, financial and legal advice. We were able to demonstrate the legal and operational complexity of changing school travel policies and the challenges of implementing new processes across 33 authorities. Our analysis showed it could cost boroughs around £27 million and create an £83 million new cost burden for children and their parents. As well as numerous meetings between officials, London Councils' Chair and Lead Members wrote several times to Ministers to help inform their decisions, which saw the proposal amended, delayed and ultimately removed.

Supporting democratic engagement in the Covid-19 response

Working with Public Health England, the Mayor of London and Government, London Councils influenced new processes for ensuring political engagement in Covid tiering escalation and the development of new London level systems for democratic involvement in decision making, including the provision of regular briefings to Leaders and Chief Executives on the evolving infection rates in the capital, containment advice and knowledge on effective borough-led responses. More recently, London Councils has convened briefings for Leaders and Chief Executives on vaccination best practice, borough-led support for Covid-secure business and learning from piloting major events.

Outbreak Management Planning

Working with borough DPHs, PHE and NHS Test and Trace Leads, London Councils led the development of a report on the risks and issues identified by boroughs as councils prepare for outbreak management through the coming months and year. This included highlighting the need for longer term funding certainty to ensure sustainability of systems, raising issues relating to how boroughs could be supported in responding to Variants of Concern and describing how the support provided to individuals needing to self-isolate could evolve to better meet the needs of all Londoners.

Covid-19: Recovery and Renewal**Background**

The concept of 'recovery' is a well-established phase in civil contingency processes. In the context of the Covid-19 pandemic, however, the term is not an entirely adequate, as the process ahead of us is very far from simply restoring things to how they were.

Our member boroughs are of course looking at restoration but, for example, many are also very keen to retain aspects of ways of working that have emerged in over the course of the pandemic and also see the clear need to consider reinventing services, ways of working and interventions to serve communities most effectively in a post pandemic environment.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

In July 2020 London Councils surveyed both borough Leaders and Chief Executives to collate and develop perspectives on the future of the capital's Covid-19 recovery, the survey also aimed to complement and build on ongoing discussions and existing contributions.

To establish the experiences and learning from the response phase, boroughs were asked to identify the most significant challenges and success during the initial response to the pandemic (which was described roughly as the period of 1 March to the 1 June).

The key challenges identified by London local government were

Public health response and Shielding Hubs. The most common and difficult challenge for boroughs was establishing a robust public health response within local areas, including the setting up of Shielding Hubs and supporting wider health needs for communities and residents.

To establish the necessary procedures boroughs worked closely with partners, particularly the voluntary, community and faith sector (VCS), to quickly mobilise staff and residents to provide urgent support. This support often spanned beyond the shielding cohort to include other vulnerable residents (e.g., those in poverty or with mental health difficulties).

Agile working and staff mobilisation. From an organisational perspective, boroughs had to rapidly adapt their traditional ways of working to become agile and virtual workplaces effectively overnight – this included the capacity to enable new ways of working and support staff in making this transition.

At the beginning of the pandemic boroughs were equipped differently to enable and establish agile working practice across the organisation – while some organisations found it easier than others to make this shift, the pace and scale proved challenging across the board.

Within the context of lockdown and the need for staff to shield and self-isolate, it was difficult for local authorities to redeploy and mobilise staff. For key frontline staff, particularly in social care, it was essential to keep them safe and maintain a base to ensure they were able to continue deliver essential services.

Maintaining social care provision. Building on the challenges relating to adopting new ways of working and staff mobilisation, boroughs had to establish new ways to enable frontline staff to continue face-to-face service provision and deliver services in new ways, whilst ensuring there is enough capacity in the system to ensure vulnerable residents were not left behind.

At a pan-London level, the 'Proud to Care' recruitment campaign was launched to bolster the sustainability of the sector during the peak of the pandemic.

In addition to the key themes list above there were several of other challenges described by boroughs:

- Uncertainty around future funding and sustainability, particularly in relation to the loss of income and increased expenditure
- The impact on local economies, both the implications for residents – namely increasing numbers of people requiring support (e.g., due to unemployment, poverty) - and the challenges for businesses (particularly the retail and hospitality sector) and high streets.
- Early and significant challenges around the lack of available Personal Protection Equipment (PPE) for frontline staff.
- Unclear guidance from the centre: at times boroughs had difficulty keeping key services operating within the context of changing and complex guidance and direction.

Boroughs also identified several key successes and achievements that were also recognised as means to help pave the way to rethink and deliver public services in the future:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Building on successes**

Shielding Hubs. While the rapid establishment of shielding hubs was recognised to be a major challenge, they were also recognised as a significant success.

Boroughs were rightly proud of their ability to quickly mobilise staff, residents and communities at pace, and establish the organisation structures and mechanism to ensure smooth operation e.g., setting up contact centres, signposting, virtual working.

This resulted in delivering to around 120,000 food requests (from non-shielding residents) and providing direct support to around 60,000 shielded residents across London.

The success of the Hubs demonstrated a new way of operating and working with communities that can be, and already has been, developed and embedded within local authorities.

New and improved partnership working and collaboration. It was quickly recognised that partnerships and collaboration were vital to the emergency response phase –both within sectors (e.g., between boroughs; sub-regional working) and across sectors and communities (e.g. with the VCS, health, police and businesses).

This proved essential for the successful and maintained delivery of key services (e.g. shielding hubs, social care, food provision, communications), helped address the digital divide across communities, improved commissioning and procurement processes and resulted in the establishment of mutual aid and community groups in response the new and emerging patterns of inequality with different localities.

London Councils was well placed to play a vital role, both at the political level and via established officer networks supported by London Councils, to facilitate partnership working through the evolving circumstances of the pandemic.

New ways of working and workforce flexibility. Staff mobilisation was considered a challenge, but many boroughs recognised the success in ensuring frontline staff remain accessible residents, redeploying staff across services and re-prioritising service deliver to effectively respond to the pandemic and the needs within their communities.

In addition to the key themes listed above, there were several other successes described by boroughs:

- **Maintaining key service delivery within the context of essential service re-prioritisation and reduced workforce capacity.** In London Borough of Barking and Dagenham an early decision was made to grant a 10 per cent increase to the fees paid to care providers to maintain the sustainability of provision - other examples include maintaining refuse collection, social work, safeguarding and support for at-risk children and adults.
- **Communicating effectively to communities, businesses and residents** – adapting and using a range of communication channels and working with partners to target different communities.

London Councils' contribution to Recovery/Transition work is underpinned by the following core principles:

- To reflect the key priorities of local political leaders around Recovery/Transition and be steered by Executive portfolio holders working with shadow leads
- To be closely informed by, and aligned with, collective officer work across boroughs, in particular via Chief Executives (Chief Executives London Committee) and other professional groupings
- To support and add value to the work of individual boroughs and groups of boroughs as they seek to address Recovery/Transition in local places

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- To help convene London local government's contribution to wider pan-London Recovery/Transition work with partners, including the Recovery Board and Task Forces convened by the Mayor of London. It must also seek to support London Councils engagement on behalf of boroughs with Government and influence national work on Recovery.
- To collaborate with, support and facilitate the work of London local government co-ordination in the phased withdrawal from lockdown and of wider London resilience partners in managing a transition from Response to Recovery and being prepared to move back into Response mode again should that become necessary.
- To focus on helping boroughs to play a strong place leadership role in helping local recovery from the pandemic, reforming public services to take account of the profound changes that will result from Covid-19 and on seeking to secure a stable financial and resource base for councils going forward.

Covid-19: Building Back Better

Summer 2020 provided the opportunity for a period of reflection, and a move in strategic focus from mitigating the immediate implications of the pandemic, to transition matters and planning London's recovery and renewal.

At this stage, the partnership Strategic Co-ordination Group was (temporarily) stood down and the following were initiated:

The London Transition Board – co-chaired by the Secretary of State for Housing, Communities and Local Government, and the Mayor of London – attended by the London Councils' Chair, Deputy Chair and Vice-Chairs, representing the perspectives of London boroughs.

The London Recovery Board (LRB) - Co-Chaired by the Chair of London Councils and the Mayor and attended by the London Councils' Deputy Chair and Vice-Chairs. The LRB was designed to plan and oversee the capital's wider long-term economic and social recovery. The LRB's overall mission is defined as: "To restore confidence in the city, minimise the impact on communities and build back better the city's economy and society". Through a series of social and economic working groups, a package of nine recovery missions to achieve this was agreed. These are:

High Streets for All

Mission goal: To deliver enhanced public spaces and exciting new uses for underused high street buildings in every Borough by 2025, working with London's diverse communities.

Building Strong Communities

Mission goal: By 2025, all Londoners will have access to a community hub ensuring they can volunteer, get support and build strong community networks.

Digital Access for all

Mission goal: Every Londoner to have access to good connectivity, basic digital skills and the device or support they need to be online by 2025.

A Green New Deal

Mission goal: Tackle the climate and ecological emergencies and improve air quality by doubling the size of London's green economy by 2030 to accelerate job creation for all.

A Robust Safety Net

Mission goal: By 2025, every Londoner is able to access the support they need to prevent financial hardship.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**A New Deal for Young People**

Mission goal: By 2024, all young people in need are entitled to a personal mentor and all young Londoners have access to quality local youth activities.

Healthy Food and weight

Mission goal: To ensure that all Londoners have access to healthy food within an environment that supports them to maintain a healthy lifestyle.

Helping Londoners into Good Work

Mission goal: Support Londoners into good jobs with a focus on sectors key to London's recovery.

Mental Health and Wellbeing

Mission goal: By 2025, London will have a quarter of a million wellbeing ambassadors, supporting Londoners where they live, work and play.

Our leading members, who played a vital role in this work, were keen to find more formalised support for the programme, working across City Hall, London Councils and other key partners.

To that end, London Councils commissioned Mike Cooke to review London local government's collective response to the Covid-19 pandemic. Following a presentation of his findings, Leaders' agreed to formally establish a London Councils' Pandemic Steering Committee to bring political oversight and leadership to the pan-borough response to the long-term impact of the Covid-19 pandemic.

The committee's role was set by Leaders, to:

To receive reports and advice from the London Local Authority Strategic Coordinating Chief Executive (LASC) and assess the implications of available data and information.

- To provide strategic direction on any challenges/opportunities that might arise from the above in relation to the management of Covid-19 in London.
- To plan ahead to ensure longer term planning for future challenges arising from the pandemic.
- To form a London local government view of matters relating to the London Leaders' Covid-19 Committee as well as the Transition and Recovery Boards.
- To ensure the outcomes of the above are communicated appropriately at a London-wide, sub-regional and local level.

The Pandemic Steering Committee membership included the Elected Officers, supported by London Councils' chief executive and the coordinating borough chief executive – with wider attendance when required by its agenda.

The Committee met for the first time in October 2020 and was regularly briefed by PHE on a range of the latest data and analysis on a range of issues, including:

- Supporting the cohort of rough sleepers housed under the 'Everybody In' initiative.
- Support for clinically extremely vulnerable people as the national shielding programme ended
- Local Test and Trace programmes
- Developing the case to Government around challenges for councils, particularly around loss of income (including council tax and business rates), as well as direct costs and undelivered savings.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- At the request of the Pandemic Steering Committee, London Councils has been worked with the Local Authority coordinating Chief Executive, GLA and the SCG to assemble a draft package of public health or 'epidemiological' asks (drawing on the themes mentioned in the bullet points above).
- In addition to the public health or 'epidemiological' asks, London Councils officers worked with the GLA and other core partners on the SCG Business and Economic Impact Sub-Group to assemble a package of potential London asks around further business support measures

London Councils officers also provided support for the various workstreams which sit under the board, along with GLA officers and representatives of the voluntary and community sectors. London borough chief executives and other borough colleagues have also made significant contributions to this work. Following discussions with City Hall, London Councils' Chair, borough Chief Executives and London Councils officers have helped recruit a joint team which will be in place from April 2021 to support the Board's work.

The Board includes senior leaders from business, public service and civil society and has the potential to align and focus commitments across partners to drive London's medium-term recovery and renewal. While there will, in the near term, continue to be arrangements focused on response, pivoting progressively to the management of reopening, both of those are likely to be time limited phases of activity on the scale that they have existed, and consideration is being given to how organisational arrangements can reflect that evolution.

In addition to the pan-London programmes being co-ordinated through the London Recovery Board, it is important to recognise that a lot of recovery work is emerging at a local and sub-regional level. London Councils continues to work with senior officers to ensure that these initiatives can help shape the pan-London work and to ensure that there are opportunities for good and emerging practice to be identified and shared (both to inform practice in other localities and to provide context for our work in advocating for local solutions where this work best).

Individual Workstreams and Outcomes

Throughout the pandemic, the work of London Councils' policy teams was adjusted to both meet the demands of the evolving emergency and confront London's ongoing challenges. Specific workstreams and outcomes for individual policy teams in 2020/21 are summarised below:

Local Government Finance

Our Finance, Performance and Procurement team works with Finance Directors, Chief Executives and others across the capital to provide credible and widely regarded analysis that underpins the case for adequate resourcing of London's public services and supports sector-led improvement across London local government. Their work in 2020/21 included:

Raising awareness of scale of financial impact of Covid-19 from March onwards:

- By providing detailed and authoritative modelling of the potential scale of the financial impact (up to £3 billion).
- Maintaining a monthly funding gap analysis.
- Drafting articles and comment pieces highlighting the funding gap and its implications for London services, e.g. for Cllr Peter John in LGC (Local Government Chronicle).
- Providing detailed briefings on financial impact for London MPs.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Relaying borough financial pressures to MHCLG through regular meetings with civil servants.
- Responding to various government Covid-19 funding announcements and issuing press releases.

Spending Review campaign and submission:

- Setting out the scale of the Covid-19 funding gap and underlying funding pressures on London local government.
- Instigating a series of meetings with London MPs leading up to the 2020 Spending Review (SR20).
- SR20 resulted in a real terms uplift in funding for local government in 2021/22 and a significant package of funding for Covid-19 leaving London boroughs, which resulted in a more limited than feared shortfall of £50 million for 2020/21.

Business rates

- Working closely with the GLA to make two pan-London representations to the Treasury's fundamental review of business rates in September and October.
- Managing the collective withdrawal from the London business rates pool, heading off potential losses of over £100 million, based on 2021/22 modelling.
- Making representations to government to successfully limit the ongoing financial impact of Covid-19 through Material Change of Circumstance appeals – which could have resulted in London Government losing hundreds of millions of pounds in the next year.

Economy, Enterprise and Skills

London's economy has long been a vital contributor to national wealth, responsible for a net contribution of around £32.5 billion a year to the UK economy. The recovery of the capital's business base is therefore essential to the recovery of the UK economy. That includes both the large global businesses headquartered in London and the thousands of small and medium businesses generate a substantial proportion of the 5.86 million jobs in the capital (20 per cent of the UK total jobs). Our Economy, Enterprise and Skills Team is focused on the health of the capital's businesses and workforce. In 2020/21 this work included:

- Successfully lobbying to close gaps in government support for London's businesses impacted by the pandemic, with businesses with a rateable value of over £52,000 becoming eligible for government grants. This secured additional rounds of discretionary funding to support supply chain and other businesses impacted by the pandemic.
- Successfully lobbying to ensure the allocation of the Additional Restrictions Grant (ARG) took account of both business and resident population over different funding rounds.
- Supporting London boroughs to share practice and approaches to administer over £6.4 billion of grants quickly to local business in response to the pandemic, while continuing to safeguard against fraud.
- Ensuring that the boroughs' role, alongside the GLA and London businesses, in re-opening London's economy was reflected in pan-London planning.
- Working with the Association of London Directors of Children Services (ALDCS) to establish new pan-London and sub-regional structures for resilience reporting during the pandemic and supported these structures.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Working with boroughs, sub-regions and the GLA to agree a set of priorities for London's long-term economic recovery, as part of the missions-based approach of the London Recovery Board, focusing on the Good Work for All and High Streets for All missions. We continue to work on and influence the missions, so that borough priorities are recognised, and existing activities built upon.
- Commissioning the development of a strategic framework for borough input into economic recovery across London. The framework builds on the nine recovery missions (see p18), but broadens the scope of these activities and identifies the potential borough and sub-regional contribution.
- Commissioning and publishing research on the numbers and make-up of unemployed Londoners at a pan-London, sub-regional and borough level pre-Covid; during the pandemic and then forecasting this in the short and medium terms. It shows wide variation between boroughs and can be used by boroughs to inform local services.
- Influencing government employment programmes as part of its Plan for Jobs, such as Restart and Kickstart. For the Restart programme we secured smaller Contract Package Areas (CPAs) that aligned to borough sub-regional partnerships and have participated in the procurement process. London Councils published a guide to a good Kickstart placement, working with boroughs and the GLA.
- Supporting boroughs and Sub-Regional Partnerships to deliver the devolved Work and Health Programmes (WHP) across London and set up the WHP JETS programme to provide support for Londoners who have become unemployed during the pandemic.
- Hosting a successful on-line London Borough Apprenticeship Awards in September 2020 to celebrate the work of apprentices in London boroughs and their suppliers.
- Undertaking a survey of 1,250 businesses across the capital with LCCI (London Chamber of Commerce & Industry), focusing on business confidence, remote working, skills and climate change issues, launching this at a pan-London event. The survey results have informed our lobbying on these issues.
- Publishing a report on ways to strengthen London's early education offer following the Covid-19 pandemic.
- Supporting the delivery of the Evolve programme that provided practical support to boroughs on how to use culture to improve place and support the recovery.
- Supporting the rapid establishment of resilience coordination arrangements for borough children's services, including daily monitoring and creation of new sub regional structures to support Directors maintaining an overview of risks and issues and design of system support plans. Through this, London Councils enabled boroughs to direct the children's services London Innovation and Improvement Alliance (LIIA) towards boroughs' emergency response and place the LIIA at the core of London's collective work to sustain and improve high quality children's services.
- London Councils convened meetings of borough Lead Members for Children's Services to consider pan-London issues affecting children and young people and share information and different approaches being taken by boroughs across the capital in response to new and emerging challenges.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Crime and public protection**

London boroughs play a key role in working with the police and others to keep local streets and neighbourhoods safe and feeling safe. While low in absolute terms, rises in violent crime in particular have reflected national trends in London and impacted on public confidence.

Working with the Mayor of London and the Metropolitan Police to get to the root of crime and to provide reassurance to the wider community is a high priority for London Government. In 2020/21, our work in this area included:

- Facilitating member engagement to shape implementation of the Mayor's Action Plan for Transparency, Accountability and Trust in Policing
- Delivering two successful Violence Reduction Partnership Sessions, one on the role of analysts and analytical products and one on responding to critical incidents.
- Developing a London local authority and police protocol on partnership enforcement of Covid-19 legislation.
- Securing agreement for continuation of funding for domestic abuse support services previously funded through MHCLG grants, to be drawn from the 2021/22 domestic abuse allocation for the GLA.
- London Councils engaged with the government and partners throughout the passage of the Domestic Abuse Bill to its enactment, which included successful lobbying for the inclusion of a deprivation factor in funding formulas for new duties under the Domestic Abuse Act.
- London Councils has also played an active role in preparations for the implementation of the duties, including making representations on behalf of London boroughs to ensure continuation funding is made available for programmes previously supported by MHCLG grants and engaging in preparatory work for the development of a pan-London approach to commissioning of support services.
- Continuing to lobby for a strengthened approach to Prevent delivery, which provides support for all boroughs and Prevent co-ordinators. This includes further engagement with Prevent members and coordinators such as presenting at the London Prevent Board and seeking to understand challenges and best practice at the London Prevent Network.

Health and Adult Social Care

Boroughs have longstanding responsibilities to support the public health and wellbeing of their communities, as well as to provide Londoners with the adult social care services that can enable them to live their lives as fully, independently and safely as possible, despite illness or accidents, frailty, old age, disability or vulnerability. In the context of a public health emergency our work in these areas in 2020/21 included:

- Working closely with adult social care finance leads to provide them with accurate and timely information to address the key financial challenges caused by the pandemic. This included hosting three joint health and adult social care events and bi-weekly council sessions focused on overcoming the financial obstacles to ensure they continued to work collaboratively with health partners and social care providers to deliver safe quality services during the pandemic.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Working closely with boroughs throughout the year in exploring and quantifying the key challenges that social care departments experienced in the face of the pandemic. This work culminated in the publication of the report Key Asks for the Recovery of the Adult Social Care Sector in London.
- Working closely with the Home Office liaising, collaborating and lobbying to ensure that asylum seekers in contingency hotels (comprising more than 6,000 residents in 54 hotels across 23 boroughs at its peak) were receiving the support they needed including access to school places, health advice and good quality food.
- In partnership with the Home Office, Clear Springs, London boroughs and the Strategic Migration Partnership we agreed the first Procurement Framework for Asylum Accommodation in London, which set out agreed principles to ensure that procurement of properties for asylum dispersal in London are based on a set of agreed principles. These were: equitable distribution across the capital, will not cause rental price escalation; will meet minimum quality standards; support boroughs to tackle rogue landlords; collaborative data sharing and constructive consultation prior to procurement.

The London HIV Prevention Programme (LHPP)

- Supported by London Councils and commissioned by Lambeth on behalf of London boroughs, the London HIV Prevention Programme (LHPP), branded Do It London, launched its ninth successful social marketing campaign since 2015. The campaign, titled “Four Sure... ways to prevent HIV”, was the most innovative to date and reminded Londoners of the importance and effectiveness of HIV prevention. The campaign also achieved innovative ways to support the Covid response, including advocating sensible sexual behaviour during the pandemic.

London’s Sexual Health Service

- The Sexual Health London (SHL) Programme’s e-service has provided Londoners continued access to STI testing via an online service during the Covid-19 pandemic. Additional service developments introduced during this time include providing routine and emergency contraception pathways within 11 London boroughs. SHL also supported vulnerable Londoners via access to a Health Adviser team.

Housing & Planning

London’s housing problems are complex and deeply entrenched. The reality, however, is that the capital has become increasingly unaffordable to an increasingly sizeable proportion of the population and homelessness has become endemic. The distortions and inadequacies of London’s housing market have not been lessened by the pandemic. Our housing and planning policy team work with colleagues in the boroughs and make the case to government in a wide range of innovative responses to mitigating the capital’s housing and homelessness crisis. In 2020/21 this included:

- Working with the London Housing Directors’ Group, MHCLG, the GLA, homelessness providers, NHS partners and boroughs to form the Rough Sleeping Strategic Group, set a collective strategic direction and collect ongoing data on the response to the government’s ‘Everyone In’ policy.
- Making the case quickly and effectively to government for the need for additional funding (informed by work with the LSE on council costs) since March 2020. As of the 29 May 2021, 3,600 people were in emergency accommodation provided by London boroughs and the GLA.
- Since May, nearly 4,700 have been placed in settled move on accommodation. We estimate around 400 people are still sleeping rough. Since the start of the pandemic, boroughs and the GLA have helped well more than 6,500 people off the streets and into safe accommodation. This meant that

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

thousands of people were protected from Covid-19 and as a result can access new levels of care, housing support and improved wellbeing.

- The pan-London partnership work has also led to much improved joint working on rough sleeping to continue post-pandemic.
- We also worked closely with government in terms of the implementation and ending of the eviction 'ban', including contributing to a Master of Rolls Working Group on which households should be prioritised with the limited court time (e.g. tenancy abandonment and anti-social behaviour).
- The Social Housing White Paper, especially in combination with the Building Safety Bill and the Fire Safety Bill, set a new context for councils' landlord functions in particular.
- This year London Councils has forged close relationships with the Regulator for Social Housing (RSH) and is working with the Housing Directors' Network to ensure councils are ready for the new regime. London Councils is represented on the Decent Homes Review Working Group, a key area of the Social Housing White Paper, making the case strongly for additional investment to accompany any new measures.
- London Councils has also sought to influence the developing implementation of the government's Planning White Paper, some of the measures within which reduce council control over development in their areas, potentially leading to poor quality development. We have continued to lobby strongly to limit Permitted Development Rights (PDR), and have seen improvements via the new space standards to be applied to PDR from August. We will continue to push for more council control over PDR however.

Environment and Transport

London Councils works with a range of stakeholders across the capital to develop policy on a number of transport and environmental challenges facing London. London Councils also administers on behalf of member boroughs some specific travel services, most notably the Freedom Pass and Taxicard service for older and vulnerable Londoners. Our work in this area is governed by our Transport and Environment Committee (TEC), a statutory committee comprising councillors from all 33 London local authorities. This work in 2020/21 included:

- Supporting LEDNet and other borough officers in their Covid-19 response through co-ordinated daily updates and commissioning supporting work for environmental services, particularly waste and parks management – communications, availability of waste storage and working with the private sector.
- Negotiating with both TfL and DfT on the way in which funding will be made available to boroughs for transport schemes, highlighting the importance of LIP and borough funding and received a fair share of the settlement for London (£25 million).
- Organising two informal meetings for TEC on walking and cycling initiatives to enable social distancing, with senior DfT and No.10 officials present.
- Negotiating borough representation at TfL's and DfT's joint active travel oversight group, with Cllr Clyde Loakes attending.
- Hosting three briefings for boroughs on new government funding for retrofitting with the GLA, resulting in a number of bids and many of them successful.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Hosting three events as part of London Climate Action Week, with over 450 live views and including a number of external speakers, such as from BEIS, ADEPT, Ashden, CBI (Confederation of British Industry) London, Repowering and Schneider Electric.
- Developing an ambitious set of nine green recovery proposals, agreed by TEC and Leaders' Committee, and supported by CELC, which then fed into the development of joint GLA / London Councils Green New Deal recovery mission.
- Delivering a programme of climate capability training for senior members and officers.
- Running, together with TfL, a robust procurement for the London e-scooter trial operators (to begin in June 2020).
- Commissioning and publishing baseline polling on important issues to Londoners: climate change and air quality.
- Continuing to support EV (Electric Vehicle) infrastructure roll out through the co-ordination function at London Councils, with over 3,000 charge points now delivered plus a dashboard for borough officers created where they can see the usage of their individual charge points
- Securing nine boroughs to lead the seven climate change programmes set out in the Joint Statement on Climate Change.
- Joining the BEIS' Social Housing Decarbonisation Fund Consultative Panel.

Freedom Pass

2020/21 was an unprecedented year for Freedom Pass (which can trace its origins to 1973). The pandemic meant that journey volumes decreased significantly. As a result, the settlement for 2021/22, announced in December 2020, was £70 million less than the previous year, with all boroughs making significant savings. London Councils provided financial assistance, in line with DfT guidance, to non-TfL bus operators and maintained payments at pre-pandemic levels adjusted for service levels. During the course of the year, London Councils also successfully reissued approximately 100,000 Freedom Passes that expired in March 2021. Lessons were applied from the previous reissue and, at the time of writing, no (zero) complaints about the process had been received. Day-to-day administration of the scheme has continued largely unaffected by the pandemic and staff and contractors have had to ensure this was the case.

Taxicard

Like Freedom Pass, the numbers of journeys undertaken on Taxicard were significantly affected by Covid-19 and were approximately 50 per cent lower than a normal year. However, this provided an opportunity for London Councils and its supplier CityFleet to continue improving service levels, which over the last six-months have exceeded expectations. The Taxicard scheme has provided a vital lifeline for its members, and officers introduced a collection and delivery service to support members who were shielding access vital groceries and medicines. The scheme has also provided a valuable source of work for a number of London's taxi drivers, whose trade has been adversely affected by the pandemic.

Grants and Community Services

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Organisations funded through the pan-London Grants programme worked tirelessly to respond to need during the pandemic, and rapidly adjusted their services to support people remotely.

London Councils' Grants Committee enabled partners to do this through the purchase of equipment, staff changes to increase support for frontline activity, broadening of outcomes to recognise new and innovative approaches to delivering services, and increased mental wellbeing support for frontline staff. They extended the programme by 12 months to give partners surety of funding during the pandemic so they could deliver vital services to the boroughs and the people of London.

In May 2020, London Councils' Grants Committee invested nearly £1million to support Londoner's with no recourse to public funds, to get help and advice.

London Councils worked with other funders and the voluntary and community sector to continuously assess the stability of the voluntary and community sector, support contingency plans in response to the needs of Londoners and provide links across local, sub-regional, pan-London and national support structures.

In March 2021, London Councils co-funded emergency accommodation for under 25 year-olds, supporting the creation of London's first youth specific accommodation and support service for younger rough sleepers.

Outcomes from the current Grants Programme in 2020/21 include:

- 5,914 people were helped to obtain crisis or intermediate short-term accommodation (including 2,393 young people).
- 10,819 people were helped to obtain settled accommodation.
- 14,361 survivors of rape and sexual abuse were supported through the pan-London Helpline.
- 3,777 young people supported through Healthy Relationships projects can identify the warning signs of sexual or domestic violence.
- The Grants Committee invested nearly £1million to enable partners to expanded immigration advice for people with no recourse to public funds. Almost 2,000 people have been supported so far.
- London Care Services (LCS) has secured 93 fostering and 112 residential services at best value prices, to help boroughs to look after children in care. LCS launched a new bespoke web portal to better serve subscribing local authorities.

London Office of Technology & Innovation

LOTI (The London Office of Technology and Innovation) was launched on 10 June 2019 at London Tech Week and started its formal operations on 15 July 2019. LOTI works with a multi-disciplinary team drawn from its membership of London boroughs, the Greater London Authority and London Councils. LOTI supports a coalition of London boroughs who want to work together, bringing the best of digital, data and innovation to improve public services for Londoners. Boroughs currently in membership are: Barnet, Brent, Camden, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Havering, Hounslow, Kensington & Chelsea, Kingston upon Thames, Lambeth, Newham, Southwark, Sutton, Tower Hamlets, Waltham Forest and Westminster. In 2020/21 LOTI's work included:

- At the start of the first Covid lockdown, LOTI helped boroughs by providing guidance on how to hold elected member meetings online; finding technology solutions to support the new vulnerability hubs, and advocating for improvements to Covid datasets shared with boroughs by national government and NHS.

- Creating guidance and conducted three pilots to show how Assistive Technology can be used to support vulnerable people to live more independently.
- Launching the Covid Innovation Fund to put £150,000 towards two borough projects that aim to help those left more vulnerable as a result of the pandemic. Those projects look at designing preventative models to help residents avoid ending up in crisis; and using data to understand the scale of digital exclusion across the capital.
- Developing partnerships with Microsoft, AWS (Amazon Web Services) and Google to offer skills and career development training for 100 digital apprentices working in London boroughs.

Tackling Racial Inequality

At their July 2020 meeting, in agreeing London Councils' business plan for the coming year, Leaders' instructed London Councils' 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 – supported by targeted early intervention.

London Councils Statement on Race Equality

In September 2020, London's Leaders agreed a joint statement on race equality, as follows:

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.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**London Councils working with its member authorities**

London Councils has begun work with its member authorities on this agenda across the three broad areas of activity below.

Demonstrating Leadership

The importance of this agenda is reflected 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. 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.

We have also worked to ensure that tackling racial inequality is an issue that is captured in the work of the London Recovery Board.

Building Inclusive Workplaces

Supporting London local government to collect, analyse and publicise pan London local government workplace ethnicity data.

Supporting 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

Facilitating and supporting 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.

Challenging our own direct service delivery at London Councils to identify disproportionality issues and practice that may tackle inequality.

Developing a programme of work

London Councils, under the leadership of Cllr Muhammed Butt (Portfolio Holder for Welfare, Social Inclusion and Empowerment) worked closely with Chief Executives and other local authority professionals to co-design a programme of activity to 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) provided managerial leadership.

This programme clearly did not start 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.

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.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

There were a number of immediate opportunities where London Councils had the levers to act, and quickly moved forwards with:

London Leadership Programme

We instigated a review to swiftly adapt the offer to address the need to support the development of a cohort of Black, Asian and Minority Ethnic managerial leaders.

Good Practice

We have begun the work of collecting a repository of promising practice across the London boroughs.

We have initiated discussions on co-designing a 'standard' to support authorities in benchmarking their practice

Data

We have begun work to identify a strategic approach to collecting data that will support practice improvement.

Procurement practice and social value

We have instigated discussions around how authorities can improve their approach to procurement and social value consideration.

Communications

Our communications team supported the creation of a Race Matters newsletter to keep stakeholders informed of work across this area. Two editions of the e-newsletter have been distributed so far, and we continue to be part of the working group in order to make sure this is a priority in our communications agenda.

London Councils as an employer

In October 2020, following an all staff meeting on tackling racial inequality within London Councils, the chief executive established a race equality working group with membership drawn from across the organisation. The group was tasked with making recommendations that could be delivered quickly against the following themes:

- Training
- Recruitment
- Coaching/Mentoring
- Development
- Data and Communications
- Connections to our more external facing policy and services work

The Working Group delivered a report to London Councils' Corporate Management Board (CMB) in February 2021 setting out a series of short-, medium- and long-term steps and objectives to advance the agenda of improving racial equality at London Councils.

A programme of action has been instigated as a result of the Working Group's report, this programme includes:

- The development of a corporate Race Equality Strategy.
- Relaunch of the Corporate Equalities Group.
- A regular survey of employees to establish data on the lived experience of staff.
- Mandatory diversity and inclusion training for all staff.
- Recruitment to a new (12 month) post of Special Projects Lead on Racial Equality Delivery.
- Consultation on the creation of a new role of Race Equalities Champion at CMB level.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Climate Change Strategy**

Climate change has been high on the list of London Leaders' priorities for a number of years now and has come ever more sharply into focus as we move toward the 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26), taking place in Glasgow in November 2021.

London Councils Climate Change Strategy

Nationally, there were a number of important policy and strategy developments around climate change in 2020/21, such as the roll out of the Green Homes Grant starting in summer 2020, the National Infrastructure Plan in November 2020, the Energy White Paper and the sixth Carbon Budget with extensive supporting research, including the role of local authorities in achieving net zero by 2050, in December 2020. Many more are expected during this year of the 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26), taking place in Glasgow in November.

London Councils TEC and Leaders' Committee approved London Councils priorities and resourcing for climate change in December 2019, and in June 2020, approved eight green recovery proposals.

London Councils TEC and Executive Committee considered climate change policy and strategy at their December 2020 and January 2021 meetings respectively, and thus shaped and endorsed a strategy for 2021/22.

Climate Change Progress to date and Strategy for 2021/22

Below is a summary of progress that has been achieved on this agenda:

- Recruiting of nine boroughs to lead the delivery of the seven climate priority programmes in the London Councils Joint Statement on Climate Change. These nine boroughs will work with both geographically and political representative groups of boroughs to develop and then implement action plans.
- Establishing working groups to draft action plans for four of these priority programmes, including securing £75,000 funding to support development of the retrofitting action plan.
- Integrating London Councils' green recovery proposals into the missions under the London Recovery Board, including developing a £1.1 billion pipeline of green projects.
- Hosting three London Climate Action Week events attracting a total live audience of more than 260, including the launch of our inaugural polling on Londoners' attitudes to climate change.
- Lobbying BEIS to ensure that London receives a fair share of well-designed and targeted retrofitting funds, and securing an invitation to join their Social Housing Decarbonisation Consultative Panel.
- Supporting the establishment of a Heads of Communications Climate Change Steering Group.
- Supporting the development of climate capability training for Directors and elected members, led by LEDNet and attended by more than 100 people.

Building on the above, officers developed a climate change strategy for 2021/22 that was endorsed by Leaders'. The programme aims to create learning and opportunities for all boroughs, without a one size fits all approach. Key elements of the strategy are:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Delivering an analysis of published borough climate action plans, a borough-level consumption emissions profile and establishing a carbon emissions accounting task and finish group to develop a consistent approach in this area:
 - Boroughs secured: £25 million under Green Homes Grants (GHG) and Local Authority Delivery (LAD) schemes phases 1a; and
 - Have an indicative allocation of £27.5 million under LAD2; at least £68 million under Public Sector Decarbonisation Scheme; we are optimistic of success for two further schemes under the Social Housing Decarbonisation Fund demonstrator.
- Supporting lead boroughs to finalise and oversee delivery of ambitious and well supported action plans for our seven priority climate programmes, including appropriate governance structures.

Recovery Board missions

- Lobbying on the indispensable role of local government – and London as the nation's capital – in delivering net zero, with a particular focus on the Net Zero Strategy, Spending Review and UNFCCC COP26.
- Delivering effective communications that support boroughs, our policy and funding asks, and the role that all Londoners can play in tackling the climate emergency; and
- Ensuring that London Councils itself both 'talks the talk' and 'walks the walk' on climate action.

In delivering on this strategy in 2021, we have to date:

- Established a Climate Oversight Group comprising Directors from our lead boroughs and representatives of key director groupings on environment, housing, finance and public health. The group has a remit to oversee strategic delivery of the climate programmes, avoid duplication of effort and maximise synergies, and consider cross-cutting themes including investment and resourcing, green jobs and skills, communications and engagement, public health and knowledge partnerships; it will report back to TEC and Leaders' Committee on a six-monthly basis, and will be supported by a Climate Officers.

Coordination Group

- Organised a meeting between Lord Callanan (Minister for Climate Change and Corporate Responsibility), Cllr Rodwell and Mayor Glanville, to put the case for improvements to the Green Homes Grants scheme and offer a partnership to deliver retrofitting and the associated green jobs and skills in London.
- Hosted a 'climate roundtable', bringing together Cabinet members from lead boroughs with the Deputy Mayor for Environment and Energy and representatives of London Councils political groups, to agree an approach to shared climate priorities for the coming year. This includes key points of the narrative we will use around climate, and an indication of how we will articulate this to key audiences, including communities, businesses, investors and other cities, and to government.
- Secured a partnership with Core Cities and the Connected Places Catapult to develop a City Investment Prospectus, which will articulate low carbon investment opportunities and business case for aggregating investments across cities to create more attractive propositions at greater scale and volumes. The prospectus was launched at a high-profile Investment Summit at COP26.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Begun the development of a communications campaign and toolkit for boroughs around active travel and electric vehicles.

Resourcing climate change activity

To maintain the current level of resource going forward, Leaders' approved a one-off transfer of resources from TEC special projects specific reserves to London Councils Joint Committee to extend a Head of Climate Change post for a further two years (to 2024) and support a dedicated policy officer (fixed term to 2024) to enable London Councils to continue to support borough ambitions on climate change by:

- Delivering the 'roadmap to COP26', including the development and launch of the COP26 City Investment Prospectus with Core Cities and the Connected Places Catapult, and capitalising on the outcomes of COP26 and the launch of the prospectus from 2022 onward.
- Supporting the climate change lead boroughs to oversee the delivery of each of the seven climate change programmes (whose targets run to 2030) and report to TEC, and seeking further resource to support those programmes.
- Coordinating strategic oversight of the seven climate programmes, including through support to the Climate Oversight Group and the Climate Officer Coordination Group.
- Co-leading development and management of the Green New Deal mission, with the GLA, including through the Expert Advisory Panel, which is jointly chaired by Mayor Phil Glanville and Deputy Mayor for Environment and Energy, Shirley Rodrigues and links through to the green economy climate programmes and green skills work led by the sub-regional partnerships.
- Coordinating and managing relationships on climate policy and evidence with the GLA, and with pan-London organisations such as UK Power Networks and NHS London.
- Delivering cross-cutting data, evidence and research, and advocacy and lobbying activities on behalf of boroughs, including specific needs arising from the climate programmes.
- Developing joint advocacy activities with local government partners, including the LGA, through the Blueprint Coalition.
- Supporting the development of training and best practice, for example around Climate Action Plans and their overall costs, which will continue to rapidly evolve, including working with groupings such as the London Environment Directors' Network (LEDNet).
- Supporting the development of evidence-led communications activity and support to boroughs, via the Heads of Communications Climate Change Steering Group, including annual polling on Londoners' attitudes to climate change.
- Supporting collaboration and coordination across London Councils, including ensuring that we 'walk the walk' and 'talk the talk' on our own carbon emissions.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**About London Councils**

London Councils represents London's 32 boroughs and the City of London. We are a cross-party organisation that works on behalf of all our member authorities regardless of political persuasion.

What we do

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

London Councils runs a number of direct services for member authorities including the Freedom Pass, Taxicard, London lorry Control and Health Emergency Badge schemes. It also supports two independent environment, traffic and parking appeals services via London Tribunals, and a pan-London grants programme for voluntary organisations.

London Councils acts as a catalyst for effective sharing among boroughs – be that ideas, good practice, people, resources, or policies and new approaches.

The strategic direction of London Councils is set by the Leaders' Committee. Meeting eight times a year, our Leaders' Committee comprises the Leaders of all of London's local authorities. There is also a cross-party Executive Committee which guides the organisation's day-to-day work.

The London Fire and Emergency Planning Authority and the Mayor's Office of Policing and Crime are also members.

Adding Value for London's Boroughs

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

London Safeguarding Children Board – representing London's councils in a broader partnership with police, health and other partners to promote child safeguarding across London.

London Young People's Education and Skills Board – the lead strategic body for 14-19 education and training in the capital.

London Councils is the **Regional Employer** body for London local authorities. Boroughs are members of the Greater London Employer Forum and are represented on the Greater London Provincial Council for the purposes of negotiations with trade unions.

London Councils also provides a key interface between boroughs, the London Fire Brigade, the Greater London Authority (GLA) and emergency services on issues around city management and resilience.

The Local Authority Performance Solution (LAPS) – London Councils collects and analyses a range of data sets provided voluntarily by London authorities, to provide authorities with comparative data through which they can consider their relative performance against the other London local authorities, indicate areas of potential improvement and highlight those boroughs that might provide improvements.

Advancing London Local Government

London Councils acts as a focal point for representing borough interests – informed by the political and professional networks that we run with government, the Mayor, the wider GLA and London's public services.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

To ensure our member authorities influence the decisions made at pan-London level which impact on them and the communities they serve, London Councils has developed a series of shared governance arrangements with the Mayor, TfL, Metropolitan Police, health and other partners (including London business organisations). London Councils nominates – on a cross party basis – members to serve in such shared governance arrangements, including:

- London Housing Board
- London Waste and Recycling Board
- London Crime Reduction Board
- London Enterprise Partnership
- London Health Board.

Some of these have statutory underpinning. The overall progress of these is monitored jointly by the Mayor and borough leaders.

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

London Councils provides the secretariat to the All-Party Parliamentary Group (APPG) for London group on behalf of London government including the Mayor of London and the London Assembly. The group is listed on the APPG Register.

The APPG's themes for 2020/21 were:

- Devolution: Bringing power closer to communities
- Meeting London's skills needs
- Tackling crime in the capital

Keeping Our Members Informed

Web: London Councils corporate website had 1.8 million unique visits in 2020/21 and more than 8 million page views. In 2020/21 our digital team worked with colleagues across a number of councils (including LB Croydon) as part of LocalGov Drupal, a project collaborating to build a better web publishing platform for all councils. It is currently being used by 12 councils across the UK. The work has been supported by MHCLG as part of the Local Digital Fund and has been nominated for a Digital Leaders Impact Award under the Sharing Economy category. The project has already initiated a number of improvements to London Councils website, including an updated news and press section of our website, currently being live tested with journalists and other users.

Key Issues: Subscription rates to our weekly local government e-newsletter continue to grow. In 2020/21 a net additional 4,176 subscribers signed up to receive the newsletter, which is emailed at 8am every Wednesday morning (we paused Key Issues in the pre-election period in the run up to the delayed 2020 Mayoral and borough by-elections). The total number of Key Issues subscribers as of March 2021 was 36,696.

Member Briefings: Our member briefing service provides members with timely policy analysis and information across all our main policy themes direct to their inbox. Our password protected Member website provides exclusive access to our policy briefings and members can edit or amend their preferences to receive briefings on as many or as few topics as they find useful. In 2020/21 we sent 47 policy briefings to subscribing members. Members can access briefings and set their personal preferences at londoncouncils.gov.uk/members-area

Parliamentary Briefings: We regularly brief MPs and Peers on government bills and other matters that affect our member boroughs. In 2020/21 these included briefings in support of our lobbying work on a range of topics, including: The impact of Covid; Local Government Finance; The Budget; Domestic Abuse; The Environment and Net Zero; Highway Maintenance; Racial Inequality; Adult Social Care; Unemployment; and Homelessness.

Media: Our press team dealt with 254 media enquiries in the last year and issued 103 press releases, resulting in more than 300 pieces of media coverage, including BBC Sunday Politics London on local government finance pressures, the Guardian covering London's rented e-scooter trial, BBC London TV on pandemic food hubs, Newsnight on addressing vaccine hesitancy and the Financial Times on our concerns about the 2021 census.

Twitter: London Councils' Twitter account was a particularly useful communication tool to promote clear and timely messaging on Covid-19 measures, particularly in periods where information from government was evolving rapidly. A number of campaigns, including #LondonTogether #ProudToCare and #KeepLondonsafe were Twitter-led. The London Councils Twitter account continued to grow throughout 2020/21 and as at March 2021 had over 22,700 followers.

Instagram: London Councils set up an Instagram for the first time in 2020/21. The nascent account is in development but will hopefully provide a useful additional channel for sharing messages to overlapping but slightly different audiences. As at March 2021 the account had 140 followers and we will report on its growth in the next annual review.

London Leadership Book 2021: London Councils produced the second edition of the London Leadership Book in February 2021. The Book was sent to every London Borough Leader, Cabinet and Executive Members, the senior staff teams in every London borough and a range of selected stakeholders. The Leadership Book is free to members and is sponsored by the London Communication Agency.

Policy reports: London Councils publishes a comprehensive range of policy reports, providing data, analysis and recommendations on key policy challenges in the capital. Policy reports published in 2020/21 include: Local Government Finance (Comprehensive Spending Review 2020); Housing (Resilience and Homelessness); Education (Sustaining London Schools' Success post 16) Adult Social Care (Key asks for Recovery); Climate Change (Polling Results and Challenges). London Councils also shares borough good practice. In 2020/21 these included borough case studies on: Disproportionality in the Criminal Justice System; Tackling Racial Inequality and Reducing Violent Crime.

Apprenticeship Awards

The 10th annual London Boroughs Apprenticeship Awards were held online from the 7th to the 14th September 2020 with winners announced at 12pm each day on London Councils Twitter and LinkedIn pages, with judges' videos in lieu of the traditional awards ceremony. The Apprenticeship awards are an annual celebration exceptional impact apprentices have across local government in London and recognise London boroughs' dedication to creating apprenticeship opportunities, providing local jobs and training for local people. The winners of the 2020 London Borough Apprenticeship Awards were:

- Apprentice of the Year: Joseph Huston-Mendy – London Borough of Islington
- Best Contribution by a New Apprentice: Hayley Navarro – London Borough of Westminster
- Best Progression by an Apprentice: Nazifa Chowdhury – London Borough of Croydon
- Best Apprentice Working in the Supply Chain: Charlotte Hughes – London Borough of Islington
- Best Manager or Mentor: Julia Cooke – London Borough of Camden
- Best Work with Supply Chains and Local Businesses: London Borough of Croydon.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

London Councils' Executive

Cllr. Georgia Gould (Lab) - Chair of London Councils

Cllr. Darren Rodwell (Lab) - Deputy Chair Housing and Planning

Cllr. Teresa O'Neill OBE (Con) - Vice Chair

Cllr. Ruth Dombey OBE (LD) - Vice Chair

Catherine McGuinness (Ind) - Vice Chair

Cllr. Muhammed Butt (Lab) - Executive member for Welfare, Empowerment and Inclusion

Cllr. Nesil Caliskan (Lab) - Executive member for Skills and Employment

Mayor Philip Glanville (Lab) Transport and Environment

Cllr. Elizabeth Campbell (Con) - Executive member for Business, Economy and Culture

Cllr. Damian White (Con) - Executive member for Schools and Children's Services

Cllr. Danny Thorpe (Lab) - Executive member for Health and Care

Cllr. Jas Athwal (Lab) Crime and Public Protection

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

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

Financial information

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

- Statement of Responsibilities for the Statement of Accounts (page 38);
- Consolidated Comprehensive Income and Expenditure Statement (page 51);
- Consolidated Movement in Reserves Statement (page 52);
- Consolidated Balance Sheet (page 53);
- Consolidated Cash Flow Statement (page 54); and
- Notes to the Consolidated Accounts (pages 55 – 87).

Revenue expenditure

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

	Revised Budget £000	Actual £000	Variation £000
Expenditure	62,701	58,419	(4,282)
Income	(61,104)	(56,605)	4,499
Interest income and expenditure	(75)	341	416
Deficit for the year	1,522	2,155	633
Transfer from Reserves	(1,522)	(4,138)	(2,616)
Net Surplus for the year (including transfers from reserves)	-	(1,983)	(1,983)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £1.983 million is split over the three funding streams as follows:

	Grants Committee	Transport, and Environment Committee	Joint Committee	Total
	£000	£000	£000	£000
Total Expenditure	7,259	41,069	10,091	58,419
Total Income	(6,704)	(39,931)	(9,970)	(56,605)
Interest income and expenditure	(5)	84	262	341
(Surplus)/Deficit for the year	550	1,222	383	2,155
Transfer from Reserves	(665)	(1,374)	(2,099)	(4,138)
Net Surplus	(115)	(152)	(1,716)	(1,983)

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 61 and Appendices A and B on pages 88 and 89).

Grants Committee

The surplus of £115,000 is due to an underspend of £72,000 in respect of the payments to commissioned services and £43,000 in respect of the administration of the scheme.

The surplus on commissioned services is mainly due to accumulated underspends of less than £10k against anticipated budgets for six grant funded organisations. These underspends were due to lower costs associated with pivoting work due to Covid-19 (staff travel, recruitment, venue hirer and catering, volunteer costs, delayed set up of special initiatives etc.). The Grants Team is working with these organisations to look at reinvesting these sums into the final year of the programme to support Covid-19 recovery work. In addition, the Tender Education and Arts charity underspent against its anticipated staffing budget as it received a portion of funding through the government furlough scheme.

The underspend on the administration costs is attributable to:

- an underspend of £17,000 in respect of employee costs due to vacancies within the team, an underspend on the maternity provision and other indirect employee underspends such as training;
- an underspend of £35,000 for general running costs including central recharges;
- an additional sum of £20,000 from investment income has been received on Committee reserves, not previously budgeted for;
- £8,000 other income in relation to recognition of a project management fee; and
- net costs of £37,000 associated with the completion of the ESF programme.

The ESF programme concluded on 30 June 2019 with some residual costs incurred in 2020/21. Members agreed in March 2020 to utilise the remaining balances held in reserves to increase Priority 1 and 2 grants for the sole purpose of increasing immigration advice for service users with no recourse to public funds. Of the £945,000 set aside for this programme, payments of £618,000 have been made during 2020/21. It is estimated that the remaining payments of £327,000 will be made during 2021/22.

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

The surplus of £152,000 is attributable to:

- **Freedom Pass non-TfL bus services (-£415,000)**

In December 2019, TEC approved a budgetary provision of £1.3 million for 2020/21 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of £1.1m plus a £200,000 contingency to cover potential new bus operators joining the scheme. Due to the effect of the pandemic the first three quarters (April 2020 to December 2020), TEC agreed to pay the operators the same amount as in the last quarter of 2019/20. This was adjusted in Quarter 4 of 2020/21 to the current service level, where the operator payments were reduced by 29.5% to reflect the overall service level of 70.5% across the year. Total payments to operators during the year amounted to £884,000, an underspend of £415,000, or 32%.

- **Net Freedom Pass survey and issue costs (+£449,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Total expenditure for 2020/21 was £1.667 million, an overspend of £149,000. A large proportion of this was on work carried out to improve the website for the Freedom Pass service, which should result in ongoing future years savings. In addition, a sum of £450,000 was collected during 2020/21 in respect of replacement Freedom Passes, £300,000 below the £750,000 budgetary provision. The pandemic has significantly impacted this budget. Replacement card income is directly correlated to usage of the service which reduced significantly during the lockdown. There was a net deficit of £449,000, which, in accordance with approved TEC practice, will be charged against the Freedom Pass specific reserve.

- **Lorry Control Administration/PCN income (-£147,000)**

The administration of the London Lorry Control (LLC) Scheme underspent the revised budget of £845,000 by £167,000. This is attributable to small underspends on general office costs along with an underspend on the review of the LLC scheme of £141,000, £91,000 of which was a budget carried forward from 2019/20. As a result to delays to the review, largely due to the Covid-19 pandemic, the TEC Executive Sub-Committee was asked to approve the carry forward of the underspend on the review of the LLC Scheme of £141,000 into 2021/22.

Enforcement of the London Lorry Control Scheme ceased during the period from 17 March 2020 to 15 June 2020 in order to ease pressures during the lockdown. The number of PCNs issued have returned to normal levels since and this recovery has meant that the shortfall against the £1 million budget is £20,000 or 2%. The bad debt provision has been decreased by £7,000 in respect of this outstanding amount, in accordance with usual accounting practice.

- **Running Costs/Central Recharges (+£205,000)**

Running costs have overspent the annual budget by £166,000 largely as a result of additional expenditure in relation to development of the Taxicard scheme which will result in future year savings. Also included in this overspend is expenditure of £70,000 in relation to Covid-19, particularly costs associated with communicating to Taxicard holders. Expenditure on central recharges was £39,000 above the 2020/21 budget of £525,000. An increase in staffing levels in relation to the electric vehicles and car club priorities, has resulted in a higher proportion of central costs being charged to TEC. These additional costs are funded by TfL and by TEC specific reserves as agreed by Members in December 2019.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £5.425 million, £5.022 million below the revised total budgetary provision of £10.447 million. Taxicard trips were significantly impacted upon by the Covid-19 pandemic and national lockdown resulting in lower payments being made.

Due to the reduction in expenditure, no boroughs were required to contribute to the scheme cost; therefore, boroughs will be refunded for any actual contributions made. The net refund to the Boroughs is £1.588 million. TfL fund the scheme cost in arrears, based on actual trips data from the preceding quarter. Payments received from TfL have therefore reduced in line with actual claims by £3.434 million during the year. This is after taking in to account the management charge for LB of Barnet of £10,570 which TfL fund.

- Residual variances of £50,000.

Joint Committee

The surplus of £1.716 million is attributable to:

- **Employee Costs (-£93,000)**

Employee costs underspent by a net amount of £93,000, split between the following areas:

- £108,000 underspend on salary costs including £24,000 in respect of member allowances. The officer salary variance is largely due to staff turnover and holding off recruiting to certain vacant posts during the period;
- £65,000 additional salary costs associated with climate change policy work, not previously budgeted for, funded by TEC; and
- £50,000 in respect of the maternity cover provision not used during the year.

- **Running Costs (-£501,000)**

The running cost underspend reflects several under and overspends across a large range of functions which are broadly:

- A £42,000 saving across various Service Level Agreements London Councils has in place for provision of support services;
- Approximately £15,000 underspend on staff transport related expenditure;
- £148,000 saving on the budget allocated for suppliers and services including purchase of equipment and materials;
- A £56,000 underspend on the depreciation charge for 2020/21 compared to the original budget of £200,000;
- Underspends across several categories of premises costs totalling approximately £247,000, of which £216,000 relates to the reversal of a provision on premises dilapidation costs which won't be realised; and
- Remaining underspends attributable to a number of small variances across several budget lines.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Commissioning (-£242,000)**

Expenditure on commissioning and other priority work amounted to £260,000 for the year, leading to an underspend of £242,000 against the revised budget of £502,000. £100,000 of this budget is committed to London Councils for health-related work and will be rolled forward through reserves to be used to fund future health-related priorities. The remainder of this budget is subject to developing proposals and is often impacted upon by the timing of commissioning work, the result of which has been an underspend in 2020/21.

- **Challenge Implementation Fund (-£278,000)**

Expenditure was allocated against this budget to address the priorities identified during the 2016 Challenge process. A significant proportion of this related to work to be carried out on the Southwark Street building to extend agile working arrangements and continue with building improvements, as previously agreed by members. However, due in part to external factors including the Covid-19 pandemic, there have been delays in progressing the building work pending discussion of the future building requirements. A proportion of this budget has been earmarked for future work on equalities and with no specific budget set aside in 2021/22 to fund this and other priority work, members approved the carry forward of the underspend on this budget into 2021/22.

- **Other Income (+£281,000)**

Other income has been significantly impacted upon by the Covid-19 pandemic. The annual £100,000 income budget for the letting of meeting room facilities at Southwark Street, including room bookings by internal tenants, has not been realised. The 2020/21 income budget also included a target of £250,000 in respect of renting out office space at Southwark Street following the completion of the agile working project. Although some mitigation against this loss of income has been achieved, in the form of additional charges collected due to the expansion of some externally funded projects, the majority of this income target has not been met.

- **Externally Funded Projects (-£768,000)**

The current ESF borough programme, which commenced in 2014, is in the closing stages and subject to the completion of final payments and the submission of grant claims during 2021/22. In May 2020, London Councils' Corporate Management Board agreed that residual balances from the previous ESF programme should be used to offset the deficits that have arisen on the current programme. The net effect of the £298,000 shortfall in funding to cover the cost of administering the programme during 2020/21 and the use of £1.051 million worth of balances held from the previous programmes, resulted in additional income of £753,000 for the year. In addition, the Capital Ambition programme concluded during 2020/21 and residual funds of £15,000 included in the Comprehensive Income and Expenditure Statement.

- Residual variances of £115,000.

Impact of Covid-19 pandemic

The ongoing Covid-19 pandemic has impacted London Councils in several ways, primarily in the way the organisation carries out its day to day functions to ensure continued service delivery and support to the member boroughs. Whilst London Councils continues to be in a relatively healthy financial position with regards to the level of uncommitted reserves, there has been both an increase in general expenditure and deficits on certain income budgets during 2020/21. The expenditure and income deficits have been managed within the overall provisional surplus of £1.983 million detailed in this reported, with no further call on uncommitted reserves. The table below highlights the estimated financial effects of the Covid-19 pandemic in 2020/21.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

	Transport, and Environment Committee £000	Joint Committee £000	Total £000
Direct staffing costs	-	14	14
Indirect staffing costs	-	15	15
Communications	-	60	60
Supplies and services	8	34	42
Non TfL bus operators underspend	(415)	-	(415)
Additional Taxicard expenditure	72	-	72
Reduction to Lorry Control Scheme income	20	-	20
Reduction to room booking income	-	100	100
Southwark Street tenant licences	-	185	185
Replacement Freedom Pass income	300	-	300
Replacement Taxicard income	18	-	18
Total estimated net cost	3	408	411

The Covid-19 pandemic will continue to have an impact on the Committee's finances due to a reduction in income from the issue of replacement Freedom Passes, meeting room hire and tenant licences. There will also be additional expenditure incurred by London Councils to support its member authorities and their communities during the recovery phase following on from the pandemic. The current level of uncommitted reserves will provide a level of security should these projected deficits in income be realised. The impact of the pandemic on the Committee's finances will continue to be closely monitored during the course of the current financial year.

Budget for 2021/22

On 8 December 2020, the Leaders' Committee approved a total expenditure budget for 2021/22 of £59.661 million, exclusive of the borough payments of £281.656 million to Transport for London (TfL) in respect of Concessionary Fares. The direct payments to TfL are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs artificially inflate London Councils income and expenditure. Total income sources, including the use of existing balances of £1.53 million were also estimated to be £59.661 million, leaving a projected balanced budget for the year.

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

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2021 and of its income and expenditure for the year then ended.



David Sanni CPFA FCCA
Acting Director of Corporate Resources

24 November 2021

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 16 September 2021, the statement of accounts were approved on behalf of the Committee.

Following disclosure changes, I hereby approve this final version of the statement of accounts on behalf of the Audit Committee.

R E Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

24 November 2021

ANNUAL GOVERNANCE STATEMENT

Introduction

Covid-19

The Covid-19 pandemic has continued to have an impact on London Councils' services during the 2020/21 financial year. The pandemic has led to a reduction in income from enforcement activities, replacement of Freedom Passes, tenant licences and meeting room hire. In addition to the income lost from the reduction of these services, there has been expenditure incurred to ensure that London Councils continues its operations and provides support to member boroughs and their constituents. Contractors were asked to put in place contingency measures to maintain services during the period. London Councils has taken measures to make sure that staff remain safe during this period by providing home working arrangements, signposting useful sources of information and holding webinars for all staff and coaching sessions for managers to promote mental wellbeing. Building risk assessments in accordance with government guidance on Covid-19 secure workplaces were undertaken at both London Councils sites in May 2020. Appropriate safety measures were introduced to allow a limited number of staff to work safely in the buildings, where necessary, in accordance with social distancing requirements.

London Councils has continued to support its member authorities in the critical role they play in the response to the Covid-19 Pandemic. A detailed description of the support provided by London Councils is set out in the *Narrative Statement* on page 1 to 37 of the statement of accounts. The assistance provided to member boroughs included:

- supporting political leadership and engagement through regular meetings of borough Leaders, the London local authority co-ordinating chief executive and other senior advisers and partners, including the Minister for London and the Director of Public Health for London;
- supporting the coordination of borough communications efforts throughout the pandemic enabling boroughs to communicate in a clear and co-ordinated way;
- London Councils' Chief Executive has been a point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures;
- supporting boroughs in the preparation of assessments of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London; and
- continuing to carry out policy work and harness London local government's collective capacity in areas such as business, the economy, community safety, housing, transport and environmental matters.

London Councils Group Leaders have played an important role in a number of sub-regional and pan-London co-ordination arrangements that have been established to provide additional support and broker mutual aid and learning across the Capital. These arrangements include London Councils' Pandemic Steering Committee, the London Transition Board and the London Recovery Board.

The restrictions introduced to reduce the spread of the pandemic meant that in person meetings could no longer be held. Virtual meetings were established following the introduction of temporary, emergency, measures (the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020) which enabled formal decision-making meetings to be held virtually until 6 May 2021. The ability to operate in this manner, with live streaming of public meetings, ensured that decisions continued to be taken in a transparent manner and improved member attendance. Following the expiry of the emergency legislation and given that social distancing restrictions are still in operation, London Councils' Pandemic Steering Committee agreed that the committee meeting schedule should continue virtually with those decisions required to be ratified being agreed through London Councils' urgency procedures.

ANNUAL GOVERNANCE STATEMENT (continued)

London Councils corporate and directorate risk registers were reviewed and updated where relevant to incorporate the impact of the Covid-19 pandemic. The risk registers were reviewed during the year in accordance with London Councils' risk management framework.

The impact of the pandemic affected the delivery of the 2020/21 internal audit plan with two reviews deferred to 2021/22. The approach of internal audit reviews that were undertaken during the year were revised to take into account changes to procedures introduced in response to the pandemic.

London Councils' business continuity arrangements operated effectively during the lockdown period. The IT transformation programme which began in December 2018 and involved the roll-out of laptops to all staff and migration to cloud based data and business services facilitated effective remote working. In June 2020, a new cloud-based VoIP telephony system was introduced that allows staff to stay connected while working away from the office and enhances business continuity arrangements. A review of the Business Continuity Plan will be carried out during 2021/22 in order to incorporate operational experiences learned during the lockdown.

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The governance framework

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioner's model publication scheme and follows the provision for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and agendas, reports, background papers and minutes of meetings are published under this scheme.
- **Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year which feeds into the production of the Annual Review that highlights key achievements. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 13 October 2020. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders' Committee appoints members to four other sub-committees/forums which are the Pandemic Steering Committee, Audit Committee, Young People's Education and Skills Board (YPES) and Fire Safety Members Group. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Reviewing the effectiveness of the Committee’s decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders’ Committee on 13 October 2020. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2020. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils’ Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils’ corporate priorities, which provides members with assurance on how the risks identified are being managed.
- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils’ intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils’ financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils’ internal audit function is carried out by the City of London’s internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils’ Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his or her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess his or her performance against agreed objectives.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Audit Committee** – The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 13 October 2020. The Audit Committee meets three times a year and is chaired by a leading member from a borough. The members of the Audit Committee will not normally be members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.
- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

Review of effectiveness

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2020/21.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2021/22

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2021/22:

ANNUAL GOVERNANCE STATEMENT (continued)**Pan London Mobility Schemes**

An internal audit review on the Pan London Mobility Schemes was completed in 2018/19. The review assessed the effectiveness of controls in operation over the management of the Freedom Pass and Taxicard schemes. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the reporting of key performance indicators, the frequency of performance monitoring meetings, checks on contractors' compliance assessments and the publishing of eligibility criteria. Seven of the eight recommendations arising from the review have already been implemented. The final recommendation to be implemented relates to improvements to the Taxicard Customer Management System (CMS) to enable the production of performance management information on application processing times. This improvement was to be implemented as part of a wider piece of development work on the application process that was to be carried out by the contractor responsible for providing the CMS. The wider work was delayed due to changes in the specification to reflect new priorities such as improved accessibility for disabled users.

In London Councils' view the incumbent contractor was making insufficient progress with scoping the work and undertaking the user engagement necessary to design an appropriate solution. As a result, London Councils contracted with a third-party to do this. The analysis work was completed in February 2021 and London Councils passed the findings to the incumbent provider in late March to propose an appropriate solution. A quotation was received in early May 2021 which provided a rough order of magnitude price. London Councils is currently working with the supplier to firm up some of the assumptions made to get a firmer price, before seeking approval for investment from the Transport and Environment Committee in October 2021. In the meantime, London Councils has improved the manual monitoring of application processing times, which currently stand at 5 working days (significantly within the target of 15).

Procurement of Goods and Services

An internal audit review of the procurement of goods and services was completed in 2019/20. The review examined the adequacy of controls in relation to the procurement of goods and services to ensure:

- compliance with procurement and financial regulations and procedures;
- orders are raised for legitimate purposes;
- London Councils obtains value for money from its procurement activity; and
- adequate segregation of duty controls are in place.

The review also considered the extent of the use of manual processing systems in the procurement process. The review established that an adequate control framework is in place and identified some areas to improve such as monitoring compliance with the procurement and financial regulations and exploring the option of using the City of London's electronic purchase order system. Three of the four recommendations were implemented during 2020/21. The final recommendation which relates to the use of retrospective purchase orders will be fully implemented during 2021/22.

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

ANNUAL GOVERNANCE STATEMENT (continued)

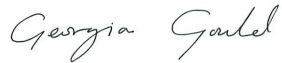
Significant governance issues

There are no significant governance issues.

A handwritten signature in blue ink, appearing to read 'Alison Griffin'.

Alison Griffin
Chief Executive

24 November 2021

A handwritten signature in black ink, appearing to read 'Georgia Gould'.

Cllr Georgia Gould
Chair of London Councils

24 November 2021

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

We have audited the non-statutory consolidated financial statements of London Councils Joint Committee (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Comprehensive Income and Expenditure statement, the Consolidated Movement in Reserves Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group at 31 March 2021 and of its expenditure and income for the year then ended in accordance with the basis of accounting except that it does not prepare single entity financial statement for London Councils Joint Committee as described in Note 1a General Principles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the 'Auditor's responsibility for the audit of the consolidated financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the group's consolidated financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the group disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

In auditing the consolidated financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

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

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Joint Committee, the Director of Corporate Resources and Those Charged with Governance for the consolidated financial statements' section of this report.

Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the consolidated statement of accounts, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Joint Committee, the Director of Corporate Resources and those charged with governance for the consolidated financial statements

As explained more fully in the Statement of Responsibilities set out on pages 38, the Joint Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the consolidated financial statements, in accordance with the basis of accounting described in note 1a and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Director of Corporate Resources is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the group lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group.

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (continued)**Use of our report**

This report is made solely to the members of the joint committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the joint committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the joint committee and the joint committee's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London

Date 8 December 2021

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	Notes	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	7,259	(6,704)	555	7,566	(7,321)	245
London Councils Transport and Environment Committee	Appx B	41,069	(39,931)	1,138	44,896	(43,520)	1,376
London Councils Joint Committee	Appx C	10,091	(9,970)	121	9,354	(8,676)	678
Net Cost of Services		58,419	(56,605)	1,814	61,816	(59,517)	2,299
Financing and investment income and expenditure	7	569	(228)	341	644	(255)	389
Deficit on Provision of Services		58,988	(56,833)	2,155	62,460	(59,772)	2,688
Actuarial loss/(gain) on pension assets/liabilities	9			16,590			(4,467)
Other Comprehensive Income and Expenditure				16,590			(4,467)
Total Comprehensive Income and Expenditure				18,745			(1,779)

The notes on pages 55 to 87 form part of the accounts.

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21			2019/20		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	14,033	(24,302)	(10,269)	14,726	(26,774)	(12,048)
Total Comprehensive Income and Expenditure	(2,155)	(16,590)	(18,745)	(2,688)	4,467	1,779
Adjustments between accounting basis and funding basis under regulations (note 6)	1,835	(1,835)	-	1,995	(1,995)	-
(Decrease)/Increase	(320)	(18,425)	(18,745)	(693)	2,472	1,779
Balance at 31 March	13,713	(42,727)	(29,014)	14,033	(24,302)	(10,269)

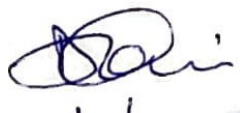
The notes on pages 55 to 87 form part of the accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

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

	Note	31 March 2021	31 March 2020
		£000	£000
Property, Plant and Equipment	10	1,083	1,105
Intangible Assets	11	1	2
Long Term Assets		1,084	1,107
Short Term Debtors	12	6,460	7,297
Cash and Cash Equivalent	13	15,249	16,676
Current Assets		21,709	23,973
Short Term Creditors	14	(8,138)	(9,639)
Provisions	15	(204)	(447)
Current Liabilities		(8,342)	(10,086)
Long Term Creditors	16	(433)	(625)
Provisions	15	(536)	(490)
Other Long Term Liabilities	9	(42,496)	(24,148)
Long Term Liabilities		(43,465)	(25,263)
Net Liabilities		(29,014)	(10,269)
Usable Reserves	18	13,713	14,033
Unusable Reserves	20	(42,727)	(24,302)
Total Reserves		(29,014)	(10,269)

The notes on pages 55 to 87 form part of the accounts.



David Sanni CPFA FCCA
Acting Director of Corporate Resources

24 November 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21 £000	2019/20 £000
Net deficit on the provision of services	(2,155)	(2,688)
Adjustments to net deficit on the provision of services for non-cash movements	955	4,191
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(210)	(242)
Net cash flows from Operating Activities (note 21)	(1,410)	1,261
Investing Activities (note 22)	(17)	176
Net (decrease)/increase in cash and cash equivalents	(1,427)	1,437
Cash and cash equivalents at 1 April	16,676	15,239
Cash and cash equivalents at 31 March	15,249	16,676

The notes on pages 55 to 87 form part of the accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Committee prepares its accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 except for the exception single entity financial statement for London Councils Joint Committee financial statements.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied across all the committees consolidated in these accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**b Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract in accordance with *IFRS15 Revenue from Contracts with Customers*;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)**

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2% (2019/20: 2.4%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

Currently the Committee has no borrowings.

Financial Assets

Apart from cash, the only financial assets held by the Committee are receivables that have fixed or determinable payments but are not quoted in an active market and are measured at amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Impairment losses/gains are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, an impairment allowance for bad debts associated with an externally funded project will be included in that line within the Comprehensive Income and Expenditure Statement.

i Government Grants and Contributions

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

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

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

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

j Intangible Assets

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

1. Accounting Policies (continued)**k Interest Income**

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

l Interest in Companies and Other Entities

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

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

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

m Leases**Finance leases**

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

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

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

Operating leases

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****n Overheads**

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

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

o Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****p Provisions**

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

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

q Reserves

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

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

r Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) has introduced changes in accounting policies which will be required from 1 April 2021. If these had been adopted for the financial year 2020/21 there would be no material changes to the Committee's accounts as detailed below.

IFRS 3, *Business Combinations* – There is an amendment to this standard to resolve difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The International Accounting Standards Board (IASB) issued the narrow scope adjustments as the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. This amendment is unlikely to have an impact on the committee's accounts as there are no proposals to acquire a business or group of assets.

Interest Rate Benchmark Reforms – There are amendments to the hedge accounting requirements in IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures* in order to address the uncertainty

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

that will arise from the replacement of interbank offered rates with alternative risk free rates as part of proposed reforms. The second phase of these amendments will also include modifications to IFRS 4, *Insurance Contracts* and IFRS 16, *Leases* and focuses on changes to the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. These amendments are unlikely to have an impact on the committee's accounts due to the limited types of financial instruments held.

IFRS16 Leases – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard for until 2022/23 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2022. The Committee has entered into two property leases through its wholly controlled subsidiary London Councils Limited. The implementation of the standard will generate material assets and liabilities in respect of these leases.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision. The current level of uncommitted reserves provide a sufficient level of security for the projected income deficits arising from the Covid-19 pandemic.

Interest in Companies and Other Entities

The activities of London Councils Limited are included in these consolidated accounts as London Councils Joint Committee member authorities have direct control of the company. As detailed in accounting policy I, the company exists to record all transactions relating to the holding of property leases and the employment of the political advisers. London Councils benefits directly from the accommodation paid for by London Councils Limited and the services provided by the political advisers to members in their roles at London Councils.

The activities of London Councils Grants Committee and London Councils Transport and Environment Committee are also included in these consolidated accounts. London Councils Joint Committee member authorities control the activities of these associated joint committees and set their financial and operating policies.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Committee's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.271 million. However, the assumptions interact in complex ways. During 2020/21, Barnett Waddingham LLP advised that the net pensions liability had increased by £26.01 million as a result of a change in financial assumptions.

Provisions

The Committee has made a provision of £740,000 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £70,000 to the annual contribution to the provision.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 24 November 2021. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

A review of the potential impact of Covid-19 on the Committee's affairs has not revealed any changes to conditions that existed at the balance sheet date that require adjusting.

There has been a change in Chief Executive with John O'Brien departing in April 2021 and Alison Griffin joining in July 2021. The Deputy Chief Executive and Director for Transport and Mobility both left the organisation in August 2021. The Director of Corporate Resources retired in October 2021. The new Chief Executive has implemented interim arrangements to cover the departures until permanent arrangements are in place.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6A. Expenditure and Funding Analysis

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

	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
London Councils Grants Committee	523	32	555	194	51	245
London Councils Transport and Environment Committee	760	378	1,138	976	400	1,376
London Councils Joint Committee	(746)	867	121	(235)	913	678
Net Cost of Services	537	1,277	1,814	935	1,364	2,299
Financing and investment income and expenditure	(217)	558	341	(242)	631	389
Deficit / (Surplus)	320	1,835	2,155	693	1,995	2,688
Opening Usable Reserve Balance	(14,033)			(14,726)		
Deficit	320			693		
Closing Usable Reserve Balance	(13,713)			(14,033)		

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2020/21:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	33	(1)	32
Transport and Environment Committee	349	29	378
London Councils Core Joint Committee	818	49	867
Net Cost of Services	1,200	77	1,277
Financing and investment income and expenditure	558	-	558
Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services	1,758	77	1,835

Adjustments between funding and accounting basis during 2019/20:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	53	(2)	51
Transport and Environment Committee	399	1	400
London Councils Core Joint Committee	899	14	913
Net Cost of Services	1,351	13	1,364
Financing and investment income and expenditure	631	-	631
Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services	1,982	13	1,995

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

7. Financing and Investment Income and Expenditure

	2020/21	2019/20
	£000	£000
Interest Payable	11	13
Interest and Investment Income	(221)	(122)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	558	631
Impairment gains for bad debts	(7)	(133)
Total	341	389

8. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2020/21, London Councils Transport and Environment Committee provided administrative support and infrastructure to the Road User Charging Adjudicators (RUCA) on behalf of the Greater London Authority under the terms of a service contract. The contract is charged on a cost recovery basis with income from satisfying performance obligations recognised over time.

The amounts included in the Comprehensive Income and Expenditure Statement for the RUCA service:

	2020/21	2019/20
	£000	£000
Revenue from contract	(1,455)	(1,384)
Impairment of contract receivables (annual movement)	-	(2)
Total	(1,455)	(1,386)

The amounts included in the Balance Sheet for the RUCA service:

	2020/21	2019/20
	£000	£000
Receivables (included in debtors)	696	713
Total	696	713

In 2020/21, London Councils generated income from tenants licences and room hire income. Income is recognised over the period of the tenancy and hire respectively.

The amounts included in the Comprehensive Income and Expenditure Statement for tenants licences and room hire income:

	2020/21	2019/20
	£000	£000
Revenue from contract	(86)	(435)
Total	(86)	(435)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

8. Revenue from Contracts with Service Recipients (continued)

The amounts included in the Balance Sheet for tenants licences and room hire income:

	2020/21	2019/20
	£000	£000
Receivables (included in debtors)	-	92
Total Receivables	-	92
Liabilities (included in creditors)	-	-
Total Liabilities	-	-

9. Pensions**Defined Benefit Scheme**

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

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

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

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2019, the employers' contribution towards the Future Service Rate was set at 13.6% of pensionable pay for the period 1 April 2020 to 31 March 2021.

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 135 different public sector and 'not for profit' organisations with assets totalling £5.88 billion. At the end of March 2019 the funding level was 108.6% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham LLP).

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**9. Pensions (continued)**

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

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

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2019 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2019 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2021 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

The value of the of the Defined benefit Obligation takes into account the estimated impact of the recent Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2021:

Assumptions as at:	31 March 2021 (% per annum)	31 March 2020 (% per annum)
RPI increases	3.2%	2.7
CPI increases	2.9%	1.9
Salary increases	3.9%	2.9
Pension increases	2.9%	1.9
Discount rate	2.0%	2.4

These assumptions are set with reference to market conditions at 31 March 2021.

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

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

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

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.35% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salaries are assumed to increase at 1.0% p.a. above CPI which includes an allowance for promotions. This is consistent with the approach used at the previous accounting date.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Pensions (continued)

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore, this has been updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted.

The assumed life expectations from age 65, weighted by liability are:

	31 March 2021	31 March 2020
Retiring today:		
Males	22.7	23.0
Females	24.5	24.6
Retiring in 20 years:		
Males	23.5	23.8
Females	26.0	26.0

The following assumptions have also been made:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Pensions (continued)

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2021:

	At 31 March 2021		At 31 March 2020	
	£000	%	£000	%
Equities	34,736	55%	29,231	54%
Target return portfolio	14,356	23%	13,953	26%
Infrastructure	5,343	9%	3,946	7%
Property	5,515	9%	5,376	10%
Cash	2,613	4%	1,652	3%
	62,563	100%	54,158	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Fair value of employer assets	62,563	54,158
Present value of scheme liabilities	(104,985)	(78,243)
Net Liability	(42,422)	(24,085)
Present value of unfunded liabilities	(74)	(63)
Net Liability in Balance Sheet	(42,496)	(24,148)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Service cost	1,968	1,967
Net interest on the defined liability	558	631
Administration expenses	70	74
Total	2,596	2,672

The reconciliation of the Defined Benefit Obligation at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Defined Benefit Obligation	(78,306)	(83,428)
Current service cost	(1,968)	(1,967)
Interest cost	(1,825)	(2,000)
Change in financial assumptions	(26,010)	9,888
Change in demographic assumptions	816	(470)
Experience gain/(loss) on defined benefit obligation	945	(530)
Estimated benefits paid net of transfers	1,765	640
Contributions by scheme participants	(481)	(444)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	(105,059)	(78,306)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Fair Value of Employer's Assets	54,158	56,795
Interest on assets	1,267	1,369
Return on assets less interest	7,659	(2,002)
Other actuarial losses	-	(2,419)
Administration expenses	(70)	(74)
Contributions by employer	838	690
Contributions by scheme participants	481	444
Estimated benefits paid plus unfunded net of transfers in	(1,770)	(645)
Closing Fair Value of Employer's Assets	62,563	54,158

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	102,788	105,059	107,382
Projected service cost	3,016	3,126	3,239
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	105,259	105,059	104,859
Projected service cost	3,128	3,126	3,124
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	107,159	105,059	103,004
Projected service cost	3,238	3,126	3,017
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	109,618	105,059	100,694
Projected service cost	3,266	3,126	2,990

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Return on plan assets in excess of interest	7,659	(2,002)
Other actuarial losses on assets	-	(2,419)
Change in financial assumptions	(26,010)	9,888
Change in demographic assumptions	816	(470)
Experience gain/(loss) on defined benefit obligation	945	(530)
Re-measurements	(16,590)	4,467

The projections for the year to 31 March 2022 is as follows:

	31 March 2022
	£000
Service cost	3,126
Net interest on the defined liability	841
Administration expenses	81
Total	4,048
Employers contribution	827

Defined Contribution Scheme

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. Pension contributions are based on a percentage of the monthly fee paid to adjudicators participating in the scheme. The Committee's contribution rate for the 2020/21 tax year was 3% (2019/20: 3%) while the adjudicators' minimum contribution rate was 5% (2019/20: 5%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	2020/21	2019/20
	£000	£000
Current period contributions	24	25

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Property, Plant and Equipment

Movements in 2020/21:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2020	1,377	2,008	3,385
Additions	92	135	227
Disposals	(245)	-	(245)
At 31 March 2021	1,224	2,143	3,367
At 1 April 2020	1,135	1,145	2,280
Charge for the year	88	161	249
Charge relating to Disposals	(245)	-	(245)
At 31 March 2021	978	1,306	2,284
Net Book Value			
At 31 March 2021	246	837	1,083
At 31 March 2020	242	863	1,105

Movements in 2019/20:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2019	1,337	1,982	3,319
Additions	40	26	66
Disposals	-	-	-
At 31 March 2020	1,377	2,008	3,385
Depreciation			
At 1 April 2019	1,014	989	2,003
Charge for the year	121	156	277
Charge relating to Disposals	-	-	-
At 31 March 2020	1,135	1,145	2,280
Net Book Value			
At 31 March 2020	242	863	1,105
At 31 March 2019	323	993	1,316

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Property, Plant and Equipment (continued)

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

11. Intangible Assets

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

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

	31 March 2021	31 March 2020
	£000	£000
Balance at start of year:		
Gross carrying amount	39	39
Accumulated amortisation	(37)	(31)
Net carrying amount at start of year	2	8
Additions		-
Disposals:		-
Reduction to carrying amount	(21)	
Reduction to accumulated amortisation	21	
Amortisation for the period	(1)	(6)
Net carrying amount at end of year	(1)	2
Comprising:		
Gross carrying amount	18	39
Accumulated amortisation	(17)	(37)
	1	2

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

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

12. Short Term Debtors

	31 March 2021	31 March 2020
	£000	£000
Amounts owed by member authorities	1,608	1,668
Payments in advance	610	1,817
Other debtors	4,375	3,949
Impairment losses for bad debts	(133)	(137)
Total	6,460	7,297

13. Cash and Cash Equivalents

	31 March 2021	31 March 2020
	£000	£000
Cash held by the Committee	590	1,075
Cash balances held by the City of London	14,659	15,601
Total	15,249	16,676

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

14. Short Term Creditors

	31 March 2021	31 March 2020
	£000	£000
Amounts owed to member authorities	(5,200)	(6,699)
Receipts in advance	(707)	(543)
Accruals	(2,203)	(2,396)
Other creditors	(28)	(1)
Total	(8,138)	(9,639)

15. Provisions

	Property Lease Provisions
	£000
Balance at 1 April 2020	(937)
Additional Provisions made in 2020/21	(17)
Unwinding of discount	(11)
Amounts used in 2020/21	9
Unused amounts reversed in 2020/21	216
Balance at 31 March 2021	(740)

Analysis of Total Provisions:

	£000
Current	(204)
Non-current	(536)
Total Provision	(740)

The Committee has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016, March 2021 and March 2026 and dilapidation works to be carried out in March 2026.

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

16. Long Term Creditors

	31 March 2021	31 March 2020
	£000	£000
Amounts owed to member authorities	(394)	(550)
Accruals	(39)	(75)
Total	(433)	(625)

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

17. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial assets:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	21,458	23,404
Total financial assets	21,458	23,404
Non-financial assets	1,335	1,676
Total assets	22,793	25,080

Financial liabilities:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	(9,080)	(11,047)
Total financial liabilities	(9,080)	(11,047)
Non-financial liabilities	(42,727)	(24,032)
Total liabilities	(51,807)	(35,349)

18. Usable Reserves

	31 March 2021	31 March 2020
	£000	£000
		(Restated)
General Reserve	11,584	11,292
Freedom Pass Renewal Reserve	792	1,241
Special Projects Reserve	1,337	1,500
Total	13,713	14,033

19. Transfers to Specific Reserves

Transfers (from)/to the Specific Reserves during the year ended 31 March 2021:

	Balance at 1 April 2020	Transfer out	Transfer In	Balance at 31 March 2021
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	1,241	(449)	-	792
Special Projects Reserve	1,500	(163)	-	1,337
Total	2,741	(612)	-	2,129

Transfers (from)/to the Specific Reserves during the year ended 31 March 2020 (Restated):

	Balance at 1 April 2019	Transfer out	Transfer In	Balance at 31 March 2020
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	2,803	(1,562)	-	1,241
Special Projects Reserve	750	-	750	1,500
Total	3,553	(1,562)	750	2,741

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

19. Transfers (from)/to Specific Reserves (continued)

The Freedom Pass Renewal Reserve was established by the Transport and Environment Committee to accumulate funds to meet the cost of the Freedom Pass renewal exercises.

The Special Projects Reserve was established by the Transport and Environment Committee to be used for priority projects as determined by the Committee.

The comparative figures for the Specific Reserves have been restated to reflect the correct split between both reserves.

20. Unusable Reserves

	31 March 2021	31 March 2020
	£000	£000
Pensions Reserve	(42,496)	(24,148)
Accumulated Absences Reserve	(231)	(154)
Total	(42,727)	(24,302)

Pensions Reserve

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

	2020/21	2019/20
	£000	£000
Balance at 1 April	(24,148)	(26,633)
Actuarial (losses)/gains on pension assets and liabilities	(16,590)	4,467
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,596)	(2,672)
Employer's pensions contribution and direct payments to pensioners payable in the year	838	690
	(1,758)	(1,982)
Balance at 31 March	(42,496)	(24,148)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

20. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2020/21		2019/20	
	£000	£000	£000	£000
Balance at 1 April		(154)		(141)
Settlement or cancellation of accrual made at the end of the preceding year	154		141	
Amounts accrued at the end of the current year	(231)		(154)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(77)		(13)
Balance at 31 March		(231)		(154)

21. Cash Flow Statement – Operating Activities

	2020/21		2019/20	
	£000	£000	£000	£000
Deficit on Provision of Services		(2,155)		(2,688)
Adjusted for:				
Current Service Cost Adjustment	1,200		1,351	
Depreciation	249		277	
Amortisation of Intangible Assets	1		6	
Net loss on Pension Scheme				
Assets/Liabilities	558		631	
Provision for liabilities and charges	(197)		99	
Decrease in Debtors	837		1,890	
Decrease in Creditors	(1,693)		(63)	
Adjustments for non-cash movements		955		4,191
Finance and investment expenditure	11		13	
Finance and investment income	(221)		(255)	
Adjustments for investing and financing activities		(210)		(242)
Net cash flows from Operating Activities		(1,410)		1,261

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

22. Cash Flow Statement – Investing Activities

	2020/21	2019/20
	£000	£000
Finance and investment expenditure	(11)	(13)
Finance and investment income	221	255
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(227)	(66)
Total	(17)	176

23. Leases**Operating Leases**

The Committee uses leased properties under the terms of operating leases. The amounts payable under these arrangements during the year amounted to £1.08 million (2019/20: £1.08 million) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2021	31 March 2020
	£000	£000
Not later than one year	1,272	1,272
Later than one year and not later than five years	4,476	5,016
Later than five years	-	731
Total	5,748	7,019

24. Intragroup Transactions

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

	2020/21	2019/20
	£000	£000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	472	515
Income	(472)	(515)
Transfer between London Councils Joint Committee and London Councils Transport and Environment Committee for climate change work:		
Expenditure	105	-
Income	(105)	-

25. Members' Allowances

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

	2020/21	2019/20
	£000	£000
Members' Allowances	236	231

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2020/21	2019/20
£50,000 - £54,999	20	3
£55,000 - £59,999	2	2
£60,000 - £64,999	3	4
£65,000 - £69,999	1	-
£75,000 - £79,999	-	4
£80,000 - £84,999	6	5
£85,000 - £89,999	3	1
£90,000 - £94,999	1	-
£100,00 - £104,999	1	1
£105,000 - £109,999	2	3
£110,000 - £114,999	-	1
£115,000 - £119,999	1	-
£120,000 - £124,999	1	1
£125,000 - £129,999	1	-
£135,000 - £139,999	-	1
£140,000 - £144,999	1	-
£160,000 - £164,999	1	1

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2020/21 is as follows:

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive (John O'Brien)	160,305	-	-	160,305	21,801	182,106
Deputy Chief Executive	144,340	-	-	144,340	19,630	163,970
Director, Corporate Governance	100,607	-	-	100,607	13,683	114,290
Director, Corporate Resources	120,374	-	-	120,374	14,739	135,113
Director, Transport and Mobility	125,245	-	-	125,245	17,187	142,432
Strategic Director, Young People Education and Skills, Community Services and Grants	108,374	-	-	108,374	14,739	123,113
Director, Communications	108,374	-	-	108,374	14,739	123,113
Total	867,619	-	-	867,619	116,518	984,137

No bonus was agreed for the Chief Executive for 2020/21.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2019/20 is as follows:

Post Holder	Salary £	Bonus £ (Restated)	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution £ (Restated)	Employer's Pension Contribution £ (Restated)	Total Remuneration including Pension Contribution £ (Restated)
Chief Executive (John O'Brien)	156,014	4,680	-	160,694	19,358	180,052
Deputy Chief Executive	136,310	-	-	136,310	16,357	152,667
Director, Corporate Governance	105,773	-	-	105,773	12,657	118,430
Director, Corporate Resources	105,773	-	-	105,773	12,657	118,430
Director, Transport and Mobility	121,893	-	-	121,893	14,627	136,520
Strategic Director, Young People Education and Skills, Community Services and Grants	102,473	-	-	102,473	12,297	114,770
Director, Communications	105,473	-	-	105,473	12,657	118,130
Total	833,709	4,680	-	838,389	100,610	938,999

The prior year comparative has been restated to incorporate the Chief Executive's bonus for 2019/20 that was paid in 2020/21.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**27. Termination Benefits**

There were termination payments of £62,214 included in the Comprehensive Income and Expenditure Statement for 2020/21 (2019/20: £6,411).

28. External Audit Costs

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

	2020/21	2019/20
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts and Employers' Association Return	47	42
Additional fees payable in respect of the audit of the 2019/20 Statement of Accounts and Employers' Association Return	6	-
	53	42

The audit fee is apportioned to the committees on the basis of the absolute value of financial transaction in accordance with the accounting policy on overheads (see Note 1, Item m).

29. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2020/21 was £46.181 million (2019/20: £45.106 million). The total value of expenditure on rent, rates, professional fees and the distribution of grants paid to member boroughs during 2020/21 was £2.313 million (2019/20: £2.356 million). On 31 March 2021, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £1.608 million (2019/20: £1.668 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £5.594 million (2019/20: £7.253 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2020/21 was £6.129 million (2019/20: £8.879 million). There was no expenditure paid to TfL during 2020/21 (2019/20: £15,000). On 31 March 2021, the value of debtor balances owed by TfL amounted to £794,000 (2019/20: £794,000) and the value of creditor balances owed to TfL amounted to £214,000 (2019/20: £97,000).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**29. Related Parties (continued)****Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2020/21 amounted to £3.783 million (2019/20: £4.851 million). The total value of funding received from Central Government in 2019/20 amounted to £150,000 (2019/20: £5,000). On 31 March 2021, the value of debtor balances owed by central government bodies amounted to £560,000 (2019/20: £1.055 million) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £239,000 (2019/20: £347,000).

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and members of London Councils Leaders Committee sit on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2020/21 was £839,000 (2019/20: £695,000). On 31 March 2021, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £1,000 (2019/20: £1,000).

30. Grant Commitments

The value of grant commitments in 2021/22 is £6.173 million.

31. Concessionary fares

These accounts do not include the amount of £318.763 million (2019/20: £320.913 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme. Whilst these direct payments are included in the Committee's annual budget they are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs will artificially inflate London Councils income and expenditure.

32. Segmental Reporting

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

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2020/21

	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services						
Borough commissioned services	6,101	(6,173)	(72)	6,149	(6,173)	(24)
ESF commissioned services	49	(27)	22	828	(624)	204
NRPF commissioned services	618	-	618	-	-	-
Cost of Services	6,768	(6,200)	568	6,977	(6,797)	180
Other Operating Expenditure	491	(504)	(13)	589	(524)	65
Financing and investment income and expenditure	15	(20)	(5)	25	(9)	16
Deficit on Provision of Services	7,274	(6,724)	550	7,591	(7,330)	261
Re-measurement of the net defined liability			186			(203)
Other Comprehensive Income and Expenditure			186			(203)
Total Comprehensive Income and Expenditure			736			58

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2020/21

	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services						
Freedom Pass and Taxicard services	29,903	(29,792)	111	32,442	(32,002)	440
Direct Services	9,163	(9,813)	(650)	10,614	(11,198)	(584)
Cost of Services	39,066	(39,605)	(539)	43,056	(43,200)	(144)
Other Operating Expenditure	2,003	(326)	1,677	1,840	(320)	1,520
Financing and investment income and expenditure	163	(79)	84	186	(174)	12
Deficit on Provision of Services	41,232	(40,010)	1,222	45,082	(43,694)	1,388
Re-measurement of the net defined liability			4,755			(1,621)
Other Comprehensive Income and Expenditure			4,755			(1,621)
Total Comprehensive Income and Expenditure			5,977			(233)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2020/21

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

	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services						
Challenge Implementation Fund	170	(170)	-	71	(71)	-
Externally Funded Projects	3,239	(4,007)	(768)	2,678	(2,340)	338
Improvement and Efficiency	123	(123)	-	123	(123)	-
Research and Commissioning	260	(260)	-	218	(218)	-
YPES Regional Activity	19	(180)	(161)	27	(180)	(153)
Net Cost of Services	3,811	(4,740)	(929)	3,117	(2,932)	185
Other Operating Expenditure	6,857	(5,807)	1,050	6,752	(6,259)	493
Financing and investment income and expenditure	391	(129)	262	433	(72)	361
Deficit on Provision of Services	11,059	(10,676)	383	10,302	(9,263)	1,039
Re-measurement of the net defined liability			11,649			(2,643)
Other Comprehensive Income and Expenditure			11,649			(2,643)
Total Comprehensive Income and Expenditure			12,032			(1,604)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2020/21 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £515,000 (2018/19: £512,000) and income of £515,000 (2018/19: £512,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to London Councils Transport and Environment Committee. There is also a transfer of £105,000 from the Transport and Environment Committee to the core Joint Committee to fund climate change related policy work.

These amounts are removed on consolidation as follows:

	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Net Cost of Services	3,811	(4,740)	(929)	3,117	(2,932)	185
Other Operating Expenditure	6,857	(5,807)	1,050	6,752	(6,259)	493
	10,688	(10,547)	121	9,869	(9,191)	678
Recharge of premises costs	(472)	472	-	(515)	515	-
Transfer between Committees	(105)	105	-	-	-	-
Amount included in Consolidated Income and Expenditure Statement	10,091	(9,970)	121	9,354	(8,676)	678

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2020/21 £000	2019/20 £000
Staff costs	4,812	4,535
Premises costs	1,276	1,407
Other running costs	769	810
Total	6,857	6,752

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – this will only apply to investments in other entities held by the Committee.

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

A right to future economic benefits controlled by the authority that is represented by: cash; an equity instrument of another entity; a contractual right to receive cash (or another financial asset) from another entity; and a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by: a contractual obligation to deliver cash (or another financial asset) to another entity; and a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

Fixed Assets

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

Historical Cost

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

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

A promise in a contract with a service recipient to transfer to the service recipient either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the service recipient.

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

A party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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



**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE**

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2021

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

Contents

Page

Narrative Report to the Statement of Accounts	1-18
Statement of Responsibilities for the Statement of Accounts	19
Approval Certificate	20
Annual Governance Statement	21-28
Independent Auditor's Report	29-33
Comprehensive Income and Expenditure Statement	34
Movement in Reserves Statement	35
Balance Sheet	36
Cash Flow Statement	37
Notes to the Accounts	38-66
Glossary	67-72

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**REVIEW OF THE YEAR****Introduction**

London Councils Transport and Environment Committee (TEC) was formed on 1 April 2000 and first met on 20 June 2000. The responsibilities of TEC are as follows:

In the field of accessible transport, TEC is responsible for:

- negotiating and operating London's concessionary fares scheme for older and disabled people (Freedom Pass), giving free travel on London's Transport for London (TfL) run services, such as Tube, bus and tram and most train services;
- operating the London Taxicard scheme, which provides subsidised taxi and private hire travel for people with mobility problems or who are severely visually impaired; and
- providing general, London-wide policies on accessible transport.

In the field of traffic and parking services, TEC brings together a number of functions, including:

- a statutory responsibility to set decriminalised traffic and parking penalties and other additional parking charges within London;
- a statutory responsibility to operate the Environment and Traffic Adjudicators (ETA) through London Tribunals (formerly PATAS), which allows individuals to appeal to an independent adjudicator over decriminalised environment, traffic and parking penalties and, under contract to the Greater London Authority (GLA), to provide the same service for the Road User Charging Adjudicators (RUCA);
- the operation of the Towing, Removal and Clamping Enforcement (TRACE) service, which provides 24 hour information on the recovery of towed-away vehicles;
- electronic link services between the London local authorities and the Traffic Enforcement Centre for the registration of traffic and parking enforcement debts;
- the operation of the Health Emergency Badge scheme, giving front line medical staff parking privileges when attending emergencies;
- general co-ordination of traffic and parking regulations and enforcement policies including the publication and maintenance of London-wide Codes of Practice;
- provision of advice and information on traffic and parking regulation and enforcement;
- operation and enforcement of the London Lorry Control Scheme, which controls use of residential roads by Heavy Goods Vehicles at night-time and weekends; and
- statutory responsibility under London Local Authorities Acts 2004 and 2007 for setting the level of a number of fixed penalties for some environmental, highways and public realm offences.

TEC also aims to ensure that London boroughs' concerns and best practice are taken fully into account in the development and implementation of the whole range of transport and environment policies – in particular those developed by Government departments and the Mayor of London. It deals with a wide array of policy issues including those relating to rail, tube, buses, roads, walking and cycling, waste management, climate change, local environmental quality, energy and fuel poverty, air quality and flood risk management.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Mobility**

Around 1.1 million older and disabled London residents hold a Freedom Pass, giving free travel on almost all of London's public transport. London Councils is responsible for managing the Freedom Pass scheme on behalf of the London local authorities.

On behalf of TEC during 2020/21 London Councils:

- Negotiated the Freedom Pass annual settlements with TfL, and other bus operators, achieving another consecutive annual cost reduction. The £47 million reduction was largely as a result of Covid-19 but included a £6 million reduction successfully negotiated by officers in relation to TfL's bus additional costs.
- Calculated and agreed the apportionment of Freedom Pass costs to boroughs.
- Provided regular forecasting information to the boroughs giving them three years of information for forward business planning and budget planning purposes.
- Established the new, more customer friendly method of automatically-renewing expiring passes (approximately 110,000 in 2021).
- Completed the mid-term review of passholders whose passes expire in 2023 to check continued eligibility for the scheme and avoid costs.
- Completed discovery and alpha phases for a more customer focussed digital approach to service delivery.
- Continued to review customer service provision and made progress in delivering more channel shift towards fully digital and online services, including:
 - making improvements to the mid-term eligibility review online for the first time;
 - upgraded websites to meet accessibility standards; and
 - using data matching to enable auto-renewal for most Freedom Pass holders.
- Completed three National Fraud Initiative reviews to identify deceased members in order to cancel their cards to prevent fraudulent use by others.
- Embedded the new settlement methodology with the Rail Delivery Group (RDG) including a phased introduction of an 'Oyster clicks' calculation method achieving a fair deal that reflects current travel trends and avoided a sharp increase in costs to boroughs.
- Improved management and monitoring of contract services and renewal project, through more regular meetings and reporting.
- Implemented quality checking of calls – reviewing recordings and giving feedback.
- Worked with developers to enhance and test the case management system (CMS), achieving many quick wins, including a new notes facility and troubleshooting.
- Internal process reviews completed to achieve process efficiencies.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Agreed special Covid-19 arrangements to ensure long-term viability of non-TfL buses.
- Improved engagement with the Department for Transport (DfT) on concessionary travel policy and delivery, especially in relation to managing Covid-19 impacts on bus service providers.
- Worked closely with staff and suppliers to ensure that services continued uninterrupted despite the Covid-19 outbreak.

On behalf of the boroughs, London Councils manages the Taxicard service for approximately 60,000 people with severe mobility and visual impairments, offering subsidised journeys in taxi and private hire vehicles.

On behalf of TEC during 2020/21, London Councils has:

- Significantly improved service performance.
- Developed and implemented swiftly at the onset of lockdown, a new collection and delivery service for Taxicard customers.
- Adapted seamlessly to remote working allowing business continuity at the start of and throughout lockdown.
- Implemented new “soft” phones, which improved day to day processing of calls, allowing more control, monitoring and reporting and performance management.
- Delivered significant improvements in taxi service delivery (partly because of Covid-19 impacts on other Taxi business).
- Completed further process reviews with the in-house team to identify improvements and efficiencies. Those already implemented include, streamlining application form and application process for applicant and team processing.
- Improvements in engagement and management of contract contact centre staff, including more regular reviews and feedback on calls and correspondence.
- Improved relationship and working with TfL, including more regular budget meetings and more collaborative approach.
- Implemented improvements to taxi contract monitoring and management, with more regular reporting and performance meetings.
- Improved engagement with Borough officer Liaison Group (BOLG), better agendas and guest speakers helped generate more attendance and interest. Virtual meetings has also improved attendance and engagement.

Parking and Traffic

The London Lorry Control Scheme continued to minimise the disruption to London’s residents caused by the movement of heavy goods vehicles through the operation of the London Lorry Control Scheme.

In 2020/21 on behalf of TEC, London Councils has:

- Reacted swiftly to support the freight and business sector at the outset of the pandemic by suspending enforcement of the scheme from March to June.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Implemented home working and remote procedures to keep service running when enforcement recommenced.
- Made further progress with outstanding scheme review recommendations, including website review and update, CMS enhancements, new performance reporting tool, routing tool being developed, Automatic Number Plate Recognition (ANPR) pilot evaluated, drafted specification for signs review and exploring camera sharing arrangements with TfL and boroughs.
- Discussions with excluded boroughs progressed regarding re-joining the scheme. Supported Barnet to revoke local order, paving the way for their re-joining.
- Extended enforcement contract for further year pending implementation of review recommendations.

More broadly, London Councils has helped deliver effective and consistent traffic and parking policies and operations in London on behalf of TEC during 2020/21:

- Worked with key stakeholders and Central Government on advice for authorities on parking and traffic enforcement in light of the Covid-19 emergency – keeping it up to date and issuing 13 versions to date.
- Kept parking managers informed and updated on Covid-19 advice and related matters.
- Improved engagement with the London Environment Directors Network (LEDNet) with regular liaison and meetings.
- Held regular meetings with DfT on traffic and parking policy and legislative matters.
- Worked with the Ministry of Housing, Communities & Local Government (MHCLG) on the temporary Covid-19 National Health Service (NHS) and Carer's parking pass and town centre parking policy.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted borough forums, including the Parking Managers Seminar.
- Represented borough interests at relevant events, groups and forums, including:
 - London Technical Advisors Group (LoTAG)
 - LoTAG Parking and Healthy Streets Sub-Group
 - TfL's Lane Rental Governance Committee
 - London Authority Partnership (LAP)
 - British Parking Association (BPA) as Council and Local Authority Special Interest Group member
 - Transport Technology Forum (TTF) (established London specific forum, hosted and chaired inaugural London seminar) and TTF conference webinar on better use of data.
 - Regular DfT and MHCLG liaison

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Reviewed and updated the parking contravention codes list.
- Continued to work with the BPA, on the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.
- Continued to lobby government for enhanced parking and traffic enforcement powers including the reintroduction of CCTV, vehicle idling and moving traffic contraventions. Government commitment given to move powers into the Traffic Management Act (TMA) with national implementation of Part 6 of the TMA.
- Progressed work to review the enforcement of speed limits in London, building the case to lobby for partial decriminalisation of speed enforcement in London as agreed by TEC. Also continuing to work with TfL, MPS and boroughs on improvements in existing enforcement methodology. Wrote to Government and responded to Roads Policing review/Call for evidence – awaiting Government response.
- Responded to Footway parking review call for evidence to share London's experience.

London Councils helps medical professionals attend emergencies quickly by managing the Health Emergency Badge (HEB) Scheme.

On behalf of TEC, in 2020/21 London Councils has:

- Continued to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Adapted service provision to Covid-19 with home and flexible working arrangements.
- Extended the expiry date of passes when printing of new passes suspended and asked boroughs not to enforce against expired passes.
- Progressed delivery of the recommendations from the review of practices and processes to ensure the service is delivered as effectively and efficiently as possible, including the following recommendations:
 - The HEB scheme and badge be renamed to the 'Urgent Care Badge'.
 - A two-hour time limit is set to attend any urgent care visit and indicated with a clock to be displayed with the badge.
 - A new badge designed to include additional security features to help prevent fraud and misuse.
 - A new Case Management System is procured to improve the application and management processes.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- The eligibility and allocation criteria to remain the same.
- The Terms and Conditions of Use strengthened and updated.
- The cost of the badge be reviewed.
- Invitation to Tender for CMS drafted.
- Completed business case for delivery and funding for the above.

London Councils ensures people who have their vehicle towed away in London can find where it has been taken to quickly and easily through the TRACE service.

On behalf of TEC, in 2020/21 London Councils has:

- Continued to manage and operate the TRACE service, improving regular engagement with delivery contractor and seeing a continuing increase in take up of the online portal service.

London Councils manages the London European Partnership for Transport (LEPT) in order to maximise funding, networking and knowledge opportunities in Europe and beyond.

On behalf of TEC, in 2020/21 London Councils has:

- Continued to monitor European and other funding and knowledge exchange opportunities, and briefing boroughs accordingly.
- Remotely attended EU Working Group meetings on issues key to boroughs and the Mayor's Transport Strategy, feeding back good practice and knowledge sharing opportunities.
- Disseminated and discussed changing transport dynamics and best practice with European cities and boroughs in light of Covid-19.
- Published a number of policy briefings on issues of particular interest to boroughs that outlined London's position for a European audience/project partners as well as European examples.
- Become a project partner for communications and dissemination on two EU funded projects, EX-TRA and GeoSense.
- Enhanced collaborative work with TfL on funding opportunities through the regular discussions and collaboration on proposals.
- Continued to review and update the LEPT website and the information held, and to distribute a monthly online newsletter.
- Continued to increase outreach through enhanced communications.
- Helped borough access European opportunities such as reference groups from existing projects and workshops.
- Continued to monitor and publish information on Brexit and available funding streams for UK/London authorities and organisations.
- Continued to discuss the LEPT schedule of activity and s.159 funding agreement for 2021/22 in light of Covid-19 and TfL funding implications.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**London Tribunals**

London Councils efficiently supports the provision of independent appeals services via London Tribunals, including the Environment and Traffic Adjudicators (ETA) and the Road User Charging Adjudicators (RUCA).

On behalf of TEC, in 2020/21 London Councils has:

- Implemented new systems and processes swiftly to cope with Covid-19, with minimal disruption to service and appellants.
- Carried out expert risk assessments of the Tribunal hearing centre making it Covid-19 secure for adjudicators, staff and public.
- Achieved a total of around £1.4m savings since new contract and system implemented, through service efficiencies.
- Electronic Evidence Exchange implemented for TfL (to be rolled out in due course).
- Public website development underway but not completed.
- Specified enhancements from user-perspective study of the online appeals system with a view to enhancing the appellant's experience when submitting appeals online.
- Used a multi user perspective engagement in design and specification process, involving public users for the first time.
- Many small fixes and updates delivered to enhance system.
- Accessibility Regulation updates to website and portal completed.

Transport and Environment Policy

The 2020/21 financial year was dominated by the Covid-19 pandemic, boroughs' emergency responses to the same as well as planning for recovery. London Councils' officers have sought to find the right balance between supporting boroughs' tremendous efforts to help Londoners and businesses deal with the lockdowns, provide the supporting and essential services that have kept London going and thinking and preparing for the future as well as business as usual activities.

Support boroughs to provide essential service

- Officers worked closely with the London Environment Director Network, Waste Disposal Authorities, ReLondon, Parks for London and TfL in its Covid response:
 - Co-ordinated daily updates to London's Strategic Co-ordination Group
 - Commissioned three pieces of supporting structures for waste management during lockdown, comprising of communications, availability of waste storage and working with the private sector. Boroughs continued to provide excellent environmental services throughout the lockdowns, under very difficult circumstances with reduced numbers of staff, additional legal and safety requirements and rapidly changing circumstances. Only few services were temporarily paused and resumed as soon as was possible with the resources available.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Supported borough responses to reopen Household Waste Recycling Centres (HWRCs) when encouraged to do so
- Supported and co-ordinated communications around parks and open spaces, to enable as many as possible to remain open for residents to enjoy as part of their daily exercise
- Supported and co-ordinated borough responses to the active travel agenda, making the case for direct Government grant to boroughs and regular liaison with TfL colleagues on London Streetspace and funding. Secured London Councils membership on the active travel oversight group and £20m in direct government grant for boroughs
- Organised informal TEC meetings to discuss active travel initiatives with Government and TfL officials
- Organised an informal officer and TEC meeting to discuss the potential consequences of the Bishopsgate ruling against TfL
- Led borough input into the discussions between TfL and Government about proposals to remove free travel for under 18s as part of the TfL funding bail-out deal. By demonstrating the cost, legal and operational complexity of the proposal through correspondence and meetings with Ministers, saw the proposal amended, delayed and ultimately removed.

Planning for a green recovery

- Developed an ambitious set of nine green recovery proposals, agreed by TEC and Leaders Committee, and supported by LEDNet and CELC
- Jointly with GLA officers, developed the Green New Deal recovery mission, including developing and advocating around a £1.1 billion pipeline of aligned borough projects; and building capacity and support for the Green New Deal and Good Work missions amongst sub-regional partnerships
- Jointly with GLA, set up an Expert Advisory Group for the Green New Deal mission, co-chaired by Mayor Glanville and Deputy Mayor Shirley Rodrigues
- Contributed to London Councils' and the London Chamber of Commerce's Business 1000 survey with questions on climate change and sustainability
- Hosted a roundtable on green finance with the GLA and Green Finance Institute
- Together with TfL launched procurement for the London e-scooter trial operators, selected three companies and prepared for the roll out of the trial, involving borough officers
- Joined the Cities Climate Investment Commission with Core Cities and the Connected Places Catapult to develop a low carbon investment prospectus
- Gave evidence to the London Assembly Environment Committee on London's green recovery

Business as Usual activities

Whilst providing as much support as possible to enable boroughs to continue to provide world class services, officers continued to progress the transport and environment policy agendas.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Environment Policy

- Established working groups for the four of the seven climate priorities agreed in 2019, which hosted 22 thematic sessions, involving more than 100 borough officers, colleagues from the GLA and external presenters and experts and completed four draft action plans
- Secured £75k funding to commission research on retrofitting measures needed to reach our target of average EPC B across all buildings and consultancy support to develop a credible action plan
- Hosted a 'climate roundtable', chaired by Mayor Glanville and bringing together Cabinet members from lead boroughs with the Deputy Mayor for Environment and Energy and representatives of London Councils political groups
- Hosted 'Accelerating the green recovery in London's boroughs as part of London Climate Action Week in July, which 178 people watched live and included speakers from BEIS, ADEPT, Ashden, CBI London, RePowering and Schneider Electric
- Jointly with LEDNet, delivered climate capability programme to senior members and officers
- Hosted '[Empowering local government to be climate leaders](#)' as part of London Climate Action Week, which 148 people watched live
- Launched our inaugural climate polling - 'Londoners' Attitudes to Climate Change'
- Organised and delivered three sessions as part of the London Climate Action Week in November with over 300 people watching live
- Secured nine boroughs to lead the seven climate change programmes set out in the Joint Statement on Climate Change
- Established a Climate Oversight Group comprising directors from the lead boroughs and representatives of key director groupings on environment, housing, finance and public health, which is supported by a Climate Officers Coordination Group
- Started work on implementing the recommendations of the Green Spaces Commission report, jointly with GLA, Parks for London, LEDNet and Chief Leisure Officers Association
- Published our fifth annual air quality polling results
- Recruited two new independent board members to ReLondon

Transport Policy

- Continued delivery of Electric Vehicle charging infrastructure through GULCS, reaching the milestone of 3,000 points delivered and developed the infrastructure dashboard for use by boroughs
- Achieved an additional £1.9m funding for EV charge point delivery through a joint bid to OZEV
- Worked with the International Council on Clean Transportation (ICCT) on analysis of the EV charging infrastructure needed to fulfil London's goal up until 2035. This included analysis at individual borough level
- Agreed that any left-over GULCS funding would be spend on signage and dedicated bays

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Developed the Car Club Local Authority Data Standard (CLADS) jointly with Imperial College London and RAC Foundation and continued to work on its implementation
- Got Counsel advice on Dockless Bikes Byelaw and incorporated this into the actual wording
- Worked jointly with TfL on a potential e-scooter trial in London:
 - Ran weekly session with borough officers to ensure any trial works for London's boroughs
 - Produced the procurement documentation
 - Ran a procurement exercise with keen interest from e-scooter companies
- Set up regular meetings with the London Fire Brigade and London Ambulance Services to discuss matters of accessibility and closer working relationships

In addition, officers submitted evidence to the following:

- Two Environment Audit Committee inquiries:
 - i. Future enquiry topic areas
 - ii. Energy efficiency of existing homes
- BEIS Select Committee 'My BEIS' inquiry
- BEIS Select Committee inquiry on post-pandemic economic growth, jointly with London Councils economy team
 - Treasury's Select Committee inquiry on decarbonisation and green finance
 - London Councils Spending Review submission

Officers also engaged directly with government and other partners and/or arranged member engagement on the following topic areas:

- With BEIS officials on the Home Upgrade Grant and hosted three briefings for borough officers on government funding for retrofitting, jointly with the GLA. London's boroughs collectively submitted at least 73 bids and have so far achieved at least £128m investment into London.
- Took part in BEIS consultative panel on their Social Housing Decarbonisation Fund
- Met with Lord Callanan to discuss the Green Homes Grant
- Met with Baroness Vere to discuss transport funding and recovery
- Responded to DfT's Future of Transport regulatory review
- Worked with UK Power Networks to input into their Distributed Future Energy Scenarios and draft 2023 – 2028 business plan
- Held information and Q&A sessions jointly with TfL on the e-scooter trial for both officers and members

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Looking forward to 2021/22**

This year the future priorities have been considered in the context of recovery from the Covid-19 pandemic. Whilst the priorities contained within this section are what officers will focus on during 2021/22, officers will continue to be responsive to changing or emerging priorities of members, the Mayor of London and Government, and respond or undertake work as appropriate. This is particularly relevant this year, given the ongoing uncertainty around Covid-19.

Transport and Mobility Services**Key Priorities for 2021/22:**

- Negotiate the Freedom Pass annual settlements with Transport for London and other transport operators, achieving best value for London's authorities who fund the scheme, fully realising the savings related to reduced travel because of COVID-19.
- Further enhance customer experience through improved digital service provision across all services and seeking Customer Service Excellence Accreditation for Taxicard and Freedom Pass.
- Aim to secure longer-term funding commitment from TfL for Taxicard and develop changes to achieve greater consistency across boroughs.
- Progress implementation of outstanding London Lorry Control Scheme review recommendations, including agreeing an ANPR enforcement camera sharing agreement with TfL and other pilot authorities.
- Continue to lobby Central Government for additional parking and moving traffic enforcement and management powers (including speed enforcement) to help improve road user safety. (The need for this has intensified with the active travel focus in light of Covid-19.)
- Plan and agree a road map for recovery and delivery of all transport and mobility services as lock down restrictions are lifted.

For the Freedom Pass scheme, London Councils will:

- Negotiate the Freedom Pass annual settlements with Transport for London and other transport operators, achieving best value for London's authorities who fund the scheme. Fully realising the savings related to reduced travel because of Covid-19.
- Complete renewal of Freedom Passes expiring in 2022 and the mid-term review of passes expiring in 2024.
- Ensure that the service and associated contracts are reviewed and where necessary updated to account for the recovery from Covid-19 – locking in improvements and better ways of working.
- Further enhance customer experience through improved digital service provision and seeking Customer Service Excellence Accreditation.
- Lobby for increased Government funding towards concessionary travel – highlighting London authority shortfall for English National Concessionary Travel Scheme (ENCTS) in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

For the Taxicard scheme, London Councils will:

- Further enhance customer experience through improved digital service provision, including the implementation of an online application process and seeking Customer Service Excellence Accreditation.
- Maintain improvements in service reliability post Covid-19, through expanding taxi fleet, promotion of non-circuit app and increasing PHV fleet.
- Establish post Covid-19 service alterations, including more virtual BOLG and other meetings.
- Aim to secure longer-term funding commitment from TfL and develop changes to achieve greater consistency across boroughs.

For the London Lorry Control Scheme, London Councils will:

- Progress implementation of outstanding scheme review recommendations.
- Agree a camera sharing agreement with TfL and other pilot authorities.
- Commission an extensive signing review.
- Consult on amendments to Excluded Route Network.
- Develop a scheme timing change pilot – carrying out before surveys.
- Contract out postal services to achieve efficiency savings and facilitate more remote working.
- Keep monitoring the scheme in light of Covid-19 restrictions.
- Implement electronic integration of appeals with London Tribunals.
- Renew enforcement contract, introducing ANPR technology.
- Consider extension of current CMS contract in conjunction with new ANPR enforcement contract.

On traffic and parking policies and operations, London Councils will:

- Continue to lobby for legislative change for the partial decriminalisation of speed enforcement, giving powers to London's local authorities to enforce the speed limits they are responsible for setting.
- Continue to provide highly valued advice and support to boroughs and represent their interests at relevant forums and meetings, including hosting the Parking Managers Seminar.
- Continue to meet quarterly with DfT officials and develop relationship with DfT's Transport Technology Forum (TTF).
- Monitor and make any required contravention code updates, as well as considering rationalisation of the list and how it is used nationally.
- Continue to work closely with the Local Government Association and British Parking Association in developing and publishing advice to all authorities on parking and traffic management in light of the Covid-19 emergency and recovery.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continue to lobby Central Government for additional parking and moving traffic enforcement and management powers to help improve road user safety. (The need for this has intensified with the active travel focus in light of Covid-19.)

On managing the Health Emergency Badge scheme, London Councils will:

- Progress the review and modernisation of the scheme – including (subject to TEC approval) procurement of new card production and delivery service, CMS development (inhouse or external) with user-led development.
- Update and modernise website with full online application process.

On the TRACE service, London Councils will:

- Continue to manage and operate the TRACE service, achieving an increase in take up of the online portal service.
- With a move to more authority street to street relocations review provision of IVR and text service and development of online portal as preferred channel for the service.

In 2020/21 the LEPT service will:

- Look to secure future funding for the future of the service in light of the Brexit agreement which allows for full UK participation in EU funding calls.
- Secure TfL funding and review LEPT activities to identify possible future benefits for London boroughs.
- Recruit to staff vacancy when funding is secured.
- Continue to deliver on the agreed or any revised activity schedule
- Provide briefings, guidance on funding calls and plan for future study tour, when travel restrictions are lifted.

On the provision of independent appeals services via London Tribunals, including the Environment and Traffic Adjudicators (ETA) and the Road User Charging Adjudicators (RUCA), London Councils will:

- Implement further system enhancements and efficiencies, particularly public website improvements and user interface.
- Complete the new Heavy Goods Vehicle (HGV) Safety Permit Scheme - Direct Vision Standard appeal implementation.
- Recruit new ETA adjudicators.
- Prepare for the Ultra-Low Emission Zone (ULEZ) expansion and the forecast significant increase in RUCA appeal numbers.
- Modernise the provision of the tribunal services, including more remote working, trialling of video appeal hearings, overhaul of documentation and review of virtual telephone hearings.
- Recruit new Head of Support Services.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Roll out electronic evidence integration to other authorities.
- Plan and agree with Chief Adjudicators a road map for reopening the tribunal hearing centre to the public, as part of wider Covid-19 recovery planning for TEC services.

Transport and Environment PolicyCore policy priorities up until June 2022:

1. Deliver the climate change programme, working closely with the lead boroughs and the Climate Oversight Group to establish robust action plans and delivery mechanisms for these in each of the seven work strands.
2. Develop an advocacy strategy for climate change that makes the case for London to be a leading engine for the green and just recovery that supports and works alongside other cities and regions in the run up to, during and after COP26.
3. Make the case for London local government to have access to sustainable funding sources for transport investment, given the upheaval caused by Covid 19 to TfL and borough finances.

Other activities to support the above, grouped along a rough timeline, not according to priority*Spring/Summer 2021*

- Publish a review of borough Climate Action Plans.
- Agree a cross-borough approach to carbon emissions accounting.
- Provide leadership and co-ordination to the recovery agenda, including green skills and levelling up across London in close collaboration with the skills and business portfolios of London Councils
- Provide leadership and co-ordination to the waste consultations on EPR, DRS and Consistency, ensuring that London's waste authorities' needs are met from the new schemes.
- Take an active part in TfL's review of the bus system in the wake of the Covid19 pandemic.
- Make better use of transport and environment data to aid policy development, delivery and monitoring – particularly through more widespread data collection and sharing between authorities.

Autumn/Winter 2021 – COP26 and Spending Review

- Establish a robust set of high value, low carbon investment propositions that form a credible offer to private finance and further the goal of reaching net zero, in collaboration with Core Cities.
- Seek improved powers and funding to London's local authorities to deal with air pollution through influencing the Environment Bill.
- Provide leadership and co-ordination to the roll out of the ULEZ to the north and south circulars, ensuring borough concerns are addressed.
- Make the case for continued transport infrastructure investment into London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Ongoing activities or timeline not yet clear

- Continue to develop and support our existing and any new partnerships that help with the achievement of our goals and objectives.
- Continue to support and coordinate borough delivery of electric vehicle charge point infrastructure and the Car Club Local Authority Data Standard (CLADS).
- Run a successful e-scooter trial and agree and advocate for the necessary powers for London's boroughs to effectively control the rental micromobility market.
- Seek legislative change for the partial speed decriminalisation of speed enforcement to give London local authorities the powers to address speed related road safety problems on their local roads.
- Support the work resulting from the Green Space Commission, especially around championing green spaces, increasing skills for the sector and establishing the centre for excellence.

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

The Director of Corporate Resources has pleasure in presenting the accounts for 2020/21. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 19)
- Comprehensive Income and Expenditure Statement (page 34);
- Movement in Reserves Statement (page 35);
- Balance Sheet (page 36);
- Cash Flow Statement (page 37); and
- Notes to the Accounts (page 38 - 66).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	46,512	41,069	(5,443)
Income	(45,842)	(39,931)	5,911
Interest income and expenditure	-	84	84
Deficit for the year	670	1,222	552
Transfer from/to Reserves	(670)	(1,374)	(704)
Surplus for the year including transfer from reserves	-	(152)	(152)

A deficit on revenue activities of £1.222 million has been posted for 2020/21 which, after a net transfer of £1.374 million from reserves has led to an overall surplus after net transfers from reserves of £152,000. The surplus is due to:

- **Freedom Pass non-TfL bus services (-£415,000)**

In December 2019, TEC approved a budgetary provision of £1.3 million for 2020/21 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of £1.1m plus a £200,000 contingency to cover potential new bus operators joining the scheme. Due to the effect of the pandemic the first three quarters (April 2020 to December 2020), TEC agreed to pay the operators the same amount as in the last quarter of 2019/20. This was adjusted in Quarter 4 of 2020/21 to the current service level, where the operator payments were reduced by 29.5% to reflect the overall service level of 70.5% across the year. Total payments to operators during the year amounted to £884,000, an underspend of £415,000, or 32%.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Net Freedom Pass survey and issue costs (+£449,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Total expenditure for 2020/21 was £1.667 million, an overspend of £149,000. A large proportion of this was on work carried out to improve the website for the Freedom Pass service, which should result in ongoing future years savings. In addition, a sum of £450,000 was collected during 2020/21 in respect of replacement Freedom Passes, £300,000 below the £750,000 budgetary provision. The pandemic has significantly impacted this budget. Replacement card income is directly correlated to usage of the service which reduced significantly during the lockdown. There was a net deficit of £449,000, which, in accordance with approved TEC practice, will be charged against the Freedom Pass specific reserve.

- **Lorry Control Administration/PCN income (-£147,000)**

The administration of the London Lorry Control (LLC) Scheme underspent the revised budget of £845,000 by £167,000. This is attributable to small underspends on general office costs along with an underspend on the review of the LLC scheme of £141,000, £91,000 of which was a budget carried forward from 2019/20. As a result to delays to the review, largely due to the Covid-19 pandemic, the TEC Executive Sub-Committee was asked to approve the carry forward of the underspend on the review of the LLC Scheme of £141,000 into 2021/22.

Enforcement of the London Lorry Control Scheme ceased during the period from 17 March 2020 to 15 June 2020 in order to ease pressures during the lockdown. The number of PCNs issued have returned to normal levels since and this recovery has meant that the shortfall against the £1 million budget is £20,000 or 2%. The bad debt provision has been decreased by £7,000 in respect of this outstanding amount, in accordance with usual accounting practice.

- **Running Costs/Central Recharges (+£205,000)**

Running costs have overspent the annual budget by £166,000 largely as a result of additional expenditure in relation to development of the Taxicard scheme which will result in future year savings. Also included in this overspend is expenditure of £70,000 in relation to Covid-19, particularly costs associated with communicating to Taxicard holders. Expenditure on central recharges was £39,000 above the 2020/21 budget of £525,000. An increase in staffing levels in relation to the electric vehicles and car club priorities, has resulted in a higher proportion of central costs being charged to TEC. These additional costs are funded by TfL and by TEC specific reserves as agreed by Members in December 2019.

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £5.425 million, £5.022 million below the revised total budgetary provision of £10.447 million. Taxicard trips were significantly impacted upon by the Covid-19 pandemic and national lockdown resulting in lower payments being made.

Due to the reduction in expenditure, no boroughs were required to contribute to the scheme cost; therefore, boroughs will be refunded for any actual contributions made. The net refund to the Boroughs is £1.588 million. TfL fund the scheme cost in arrears, based on actual trips data from the preceding quarter. Payments received from TfL have therefore reduced in line with actual claims by £3.434 million during the year. This is after taking in to account the management charge for LB of Barnet of £10,570 which TfL fund.

- **Residual variances of £50,000.**

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Budget for 2021/22**

On 10 December 2020, the full TEC Committee approved a total expenditure budget for 2021/22 of £42.397 million, exclusive of the borough payment of £275.975 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £567,000 were also estimated to be £42.397 million, leaving a projected balanced budget for the year.

The current Covid-19 crisis is projected to influence the Committee's future finances due to potential reductions in enforcement activities and income raised from the issue of replacement Freedom Passes. The current level of uncommitted reserves will provide a level of security should these projected deficits in income be realised by the year-end. The impact of the pandemic on the Committee's finances will be closely monitored during the course of the financial year.

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

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2021 and of its income and expenditure for the year then ended.



David Sanni CPFA FCCA
Acting Director of Corporate Resources

24 November 2021

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 16 September 2021, the statement of accounts were approved on behalf of the Committee.

Following disclosure changes, I hereby approve this final version of the statement of accounts on behalf of the Audit Committee.

R E Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

24 November 2021

ANNUAL GOVERNANCE STATEMENT

Introduction

Covid-19

The Covid-19 pandemic has continued to have an impact on London Councils' services during the 2020/21 financial year. The pandemic has led to a reduction in income from enforcement activities, replacement of Freedom Passes, tenant licences and meeting room hire. In addition to the income lost from the reduction of these services, there has been expenditure incurred to ensure that London Councils continues its operations and provides support to member boroughs and their constituents. Contractors were asked to put in place contingency measures to maintain services during the period. London Councils has taken measures to make sure that staff remain safe during this period by providing home working arrangements, signposting useful sources of information and holding webinars for all staff and coaching sessions for managers to promote mental wellbeing. Building risk assessments in accordance with government guidance on Covid-19 secure workplaces were undertaken at both London Councils sites in May 2020. Appropriate safety measures were introduced to allow a limited number of staff to work safely in the buildings, where necessary, in accordance with social distancing requirements.

London Councils has continued to support its member authorities in the critical role they play in the response to the Covid-19 Pandemic. A detailed description of the support provided by London Councils is set out in the *Narrative Statement* on page 1 to 18 of the statement of accounts. The assistance provided to member boroughs included:

- supporting political leadership and engagement through regular meetings of borough Leaders, the London local authority co-ordinating chief executive and other senior advisers and partners, including the Minister for London and the Director of Public Health for London;
- supporting the coordination of borough communications efforts throughout the pandemic enabling boroughs to communicate in a clear and co-ordinated way;
- London Councils' Chief Executive has been a point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures;
- supporting boroughs in the preparation of assessments of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London; and
- continuing to carry out policy work and harness London local government's collective capacity in areas such as business, the economy, community safety, housing, transport and environmental matters.

London Councils Group Leaders have played an important role in a number of sub-regional and pan-London co-ordination arrangements that have been established to provide additional support and broker mutual aid and learning across the Capital. These arrangements include London Councils' Pandemic Steering Committee, the London Transition Board and the London Recovery Board.

The restrictions introduced to reduce the spread of the pandemic meant that in person meetings could no longer be held. Virtual meetings were established following the introduction of temporary, emergency, measures (the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020) which enabled formal decision-making meetings to be held virtually until 6 May 2021. The ability to operate in this manner, with live streaming of public meetings, ensured that decisions continued to be taken in a transparent manner and improved member attendance. Following the expiry of the emergency legislation and given that social distancing restrictions are still in operation, London Councils' Pandemic Steering Committee agreed that the committee meeting schedule should continue virtually with those decisions required to be ratified being agreed through London Councils' urgency procedures.

ANNUAL GOVERNANCE STATEMENT (continued)

London Councils corporate and directorate risk registers were reviewed and updated where relevant to incorporate the impact of the Covid-19 pandemic. The risk registers were reviewed during the year in accordance with London Councils' risk management framework.

The impact of the pandemic affected the delivery of the 2020/21 internal audit plan with two reviews deferred to 2021/22. The approach of internal audit reviews that were undertaken during the year were revised to take into account changes to procedures introduced in response to the pandemic.

London Councils' business continuity arrangements operated effectively during the lockdown period. The IT transformation programme which began in December 2018 and involved the roll-out of laptops to all staff and migration to cloud based data and business services facilitated effective remote working. In June 2020, a new cloud-based VoIP telephony system was introduced that allows staff to stay connected while working away from the office and enhances business continuity arrangements. A review of the Business Continuity Plan will be carried out during 2021/22 in order to incorporate operational experiences learned during the lockdown.

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The governance framework

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioner's model publication scheme and follows the provision for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and agendas, reports, background papers and minutes of meetings are published under this scheme.
- **Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year which feeds into the production of the Annual Review that highlights key achievements. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 13 October 2020. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders' Committee appoints members to four other sub-committees/forums which are the Pandemic Steering Committee, Audit Committee, Young People's Education and Skills Board (YPES) and Fire Safety Members Group. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders' Committee on 13 October 2020. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2020. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.
- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his or her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess his or her performance against agreed objectives.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Audit Committee** – The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 13 October 2020. The Audit Committee meets three times a year and is chaired by a leading member from a borough. The members of the Audit Committee will not normally be members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.
- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

Review of effectiveness

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2020/21.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2021/22

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2021/22:

ANNUAL GOVERNANCE STATEMENT (continued)**Pan London Mobility Schemes**

An internal audit review on the Pan London Mobility Schemes was completed in 2018/19. The review assessed the effectiveness of controls in operation over the management of the Freedom Pass and Taxicard schemes. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the reporting of key performance indicators, the frequency of performance monitoring meetings, checks on contractors' compliance assessments and the publishing of eligibility criteria. Seven of the eight recommendations arising from the review have already been implemented. The final recommendation to be implemented relates to improvements to the Taxicard Customer Management System (CMS) to enable the production of performance management information on application processing times. This improvement was to be implemented as part of a wider piece of development work on the application process that was to be carried out by the contractor responsible for providing the CMS. The wider work was delayed due to changes in the specification to reflect new priorities such as improved accessibility for disabled users.

In London Councils' view the incumbent contractor was making insufficient progress with scoping the work and undertaking the user engagement necessary to design an appropriate solution. As a result, London Councils contracted with a third-party to do this. The analysis work was completed in February 2021 and London Councils passed the findings to the incumbent provider in late March to propose an appropriate solution. A quotation was received in early May 2021 which provided a rough order of magnitude price. London Councils is currently working with the supplier to firm up some of the assumptions made to get a firmer price, before seeking approval for investment from the Transport and Environment Committee in October 2021. In the meantime, London Councils has improved the manual monitoring of application processing times, which currently stand at 5 working days (significantly within the target of 15).

Procurement of Goods and Services

An internal audit review of the procurement of goods and services was completed in 2019/20. The review examined the adequacy of controls in relation to the procurement of goods and services to ensure:

- compliance with procurement and financial regulations and procedures;
- orders are raised for legitimate purposes;
- London Councils obtains value for money from its procurement activity; and
- adequate segregation of duty controls are in place.

The review also considered the extent of the use of manual processing systems in the procurement process. The review established that an adequate control framework is in place and identified some areas to improve such as monitoring compliance with the procurement and financial regulations and exploring the option of using the City of London's electronic purchase order system. Three of the four recommendations were implemented during 2020/21. The final recommendation which relates to the use of retrospective purchase orders will be fully implemented during 2021/22.

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

ANNUAL GOVERNANCE STATEMENT (continued)

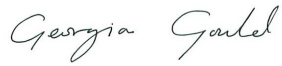
Significant governance issues

There are no significant governance issues.

A handwritten signature in blue ink, appearing to read 'Alison Griffin'.

Alison Griffin
Chief Executive

24 November 2021

A handwritten signature in black ink, appearing to read 'Georgia Gould'.

Cllr Georgia Gould
Chair of London Councils

24 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE**Report on the Audit of the Financial Statements****Opinion on financial statements**

We have audited the non-statutory financial statements (the 'financial statements') of London Councils Transport and Environment Committee (the 'Committee') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2021 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Committee to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Committee's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Committee. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Committee and the Committee disclosures over the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Committee's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out on page 19, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Resources is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Committee will no longer be provided.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)**Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities set out on page 19, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Resources is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Committee will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Committee's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Committee and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Accounts and Audit Regulations 2015, the Local Government Act 1972, and the Local Government Act 2003.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)

- We enquired of senior officers and the Audit Committee concerning the Committee's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Committee's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and judgements and transactions outside the course of business.
- Our audit procedures involved:
 - journal entry testing, with a focus on unusual and high risk journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the Committee's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Committee including:
 - the provisions of the applicable legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)

- guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Committee's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The Committee's control environment, including the policies and procedures implemented by the Committee to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the members of the Committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the Committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's members as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of Grant Thornton UK LLP, Appointed Auditor

London

Date 8 December 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	Notes	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services							
Freedom Pass and Taxicard services		29,903	(29,792)	111	32,442	(32,002)	440
Direct Services		9,163	(9,813)	(650)	10,614	(11,198)	(584)
Cost of Services		39,006	(39,605)	(539)	43,056	(43,200)	(144)
Other Operating Expenditure	7	2,003	(326)	1,677	1,840	(320)	1,520
Financing and investment income and expenditure	8	163	(79)	84	186	(174)	12
Deficit on Provision of Services		41,232	(40,010)	1,222	45,082	(43,694)	1,388
Re-measurement of the net defined liability	10			4,755			(1,621)
Other Comprehensive Income and Expenditure				4,755			(1,621)
Total Comprehensive Income and Expenditure				5,977			(233)

The notes on pages 38 to 66 form part of the accounts.

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21			2019/20		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April	6,687	(7,180)	(493)	7,489	(8,215)	(726)
Total Comprehensive Income and Expenditure	(1,222)	(4,755)	(5,977)	(1,388)	1,621	233
Adjustments between accounting basis and funding basis under regulations (note 6)	541	(541)	-	586	(586)	-
(Decrease)/Increase	(681)	(5,296)	(5,977)	(802)	1,035	233
Balance at 31 March	6,006	(12,476)	(6,470)	6,687	(7,180)	(493)

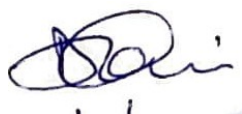
The notes on pages 38 to 66 form part of the accounts.

BALANCE SHEET AS AT 31 MARCH 2021

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

		31 March 2021	31 March 2020
	Notes	£000	£000
Property, Plant and Equipment	11	410	515
Long Term Assets		410	515
Short Term Debtors	12	3,905	3,921
Cash and Cash Equivalents	13	5,746	6,513
Current Assets		9,651	10,434
Short Term Creditors	14	(4,126)	(4,304)
Current liabilities		(4,126)	(4,304)
Other Long Term Liabilities	10	(12,405)	(7,138)
Long Term Liabilities		(12,405)	(7,138)
Net Liabilities		(6,470)	(493)
Usable Reserves	16	6,006	6,687
Unusable Reserves	18	(12,476)	(7,180)
Total Reserves		(6,470)	(493)

The notes on pages 38 to 66 form part of the accounts.



David Sanni CPFA FCCA
Acting Director of Corporate Resources

24 November 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21 £000	2019/20 £000
Net deficit on the provision of services	(1,222)	(1,388)
Adjustments to net deficit on the provision of services for non-cash movements	455	3,331
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(79)	(174)
Net cash flows from Operating Activities (note 19)	(846)	1,769
Investing Activities (note 18)	79	172
Net (decrease)/increase in cash and cash equivalents	(767)	1,941
Cash and cash equivalents at 1 April	6,513	4,572
Cash and cash equivalents at 31 March	5,746	6,513

The notes on pages 38 to 66 form part of the accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract in accordance with *IFRS15 Revenue from Contracts with Customers*;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

1. Accounting Policies (continued)

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

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using , a discount rate of 2.0% (2019/20: 2.4%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

Currently the Committee has no borrowings.

Financial Assets

Apart from cash, the only financial assets held by the Committee are receivables that have fixed or determinable payments but are not quoted in an active market and are measured at amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Impairment losses/gains are also recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

i Government Grants and Contributions

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

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

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

j Interest Income

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****k Leases****Finance leases**

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

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

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

Operating leases

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

l Overheads

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

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

m Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

n Reserves

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

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

o Value Added Tax

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) has introduced changes in accounting policies which will be required from 1 April 2021. If these had been adopted for the financial year 2020/21 there would be no material changes to the Committee's accounts as detailed below.

IFRS 3, Business Combinations – There is an amendment to this standard to resolve difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The International Accounting Standards Board (IASB) issued the narrow scope adjustments as the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. This amendment is unlikely to have an impact on the committee's accounts as there are no proposals to acquire a business or group of assets.

Interest Rate Benchmark Reforms – There are amendments to the hedge accounting requirements in IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures* in order to address the uncertainty that will arise from the replacement of interbank offered rates with alternative risk free rates as part of proposed reforms. The second phase of these amendments will also include modifications to IFRS 4, *Insurance Contracts* and IFRS 16, *Leases* and focuses on changes to the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. These amendments are unlikely to have an impact on the committee's accounts due to the limited types of financial instruments held.

IFRS16 Leases – **IFRS16 Leases** – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard until 2022/23 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2022. This standard will not have a material impact on the Committee's accounts due to the low value of equipment lease arrangements.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision. The current level of uncommitted reserves provide a sufficient level of security for the projected income deficits arising from the Covid-19 pandemic.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Committee's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £664,000. However, the assumptions interact in complex ways. During 2020/21, Barnett Waddingham LLP advised that the net pensions liability had increased by £7.592 million as a result of a change in financial assumptions.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 24 November 2021. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

A review of the potential impact of Covid-19 on the Committee's affairs has not revealed any changes to conditions that existed at the balance sheet date that require adjusting.

There has been a change in Chief Executive with John O'Brien departing in April 2021 and Alison Griffin joining in July 2021. The Deputy Chief Executive and Director for Transport and Mobility both left the organisation in August 2021. The Director of Corporate Resources retired in October 2021. The new Chief Executive has implemented interim arrangements to cover the departures until permanent arrangements are in place.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6A. Expenditure and Funding Analysis

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

	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
Freedom Pass and Taxicard services	7	104	111	343	97	440
Direct Services	(796)	146	(650)	(767)	183	(584)
Cost of Services	(789)	250	(539)	(424)	280	(144)
Other Operating Expenditure	1,549	128	1,677	1,400	120	1,520
Financing and investment income and expenditure	(79)	163	84	(174)	186	12
Deficit on Provision of Services	681	541	1,222	802	586	1,388
Opening Usable Reserve Balance	(6,687)			(7,489)		
Surplus	681			802		
Closing Usable Reserve Balance	(6,006)			(6,687)		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2020/21:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	97	7	104
Direct Services	134	12	146
Net Cost of Services	231	19	250
Other Operating Expenditure	118	10	128
Financing and investment income and expenditure	163	-	163
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	512	29	541

Adjustments between funding and accounting basis during 2019/20:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	97	-	97
Direct Services	180	3	183
Net Cost of Services	277	3	280
Other Operating Expenditure	122	(2)	120
Financing and investment income and expenditure	186	-	186
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	585	1	586

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

- **Freedom Pass and Taxicard services/Direct Services/Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

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

7. Other Operating Expenditure

	2020/21	2019/20
	£000	£000
Staff costs	1,226	1,113
Premises costs	176	231
Other running costs	601	496
Total	2,003	1,840

8. Financing and Investment Income and Expenditure

	2020/21	2019/20
	£000	£000
Interest and Investment Income	(72)	(41)
Net Loss on Pension Scheme Assets/Liabilities (see note 10)	163	186
Impairment (gains)/losses for bad debts	(7)	(133)
Total	84	12

9. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2020/21, TEC provided administrative support and infrastructure to the Road User Charging Adjudicators (RUCA) on behalf of the Greater London Authority under the terms of a service contract. The contract is charged on a cost recovery basis with performance obligations recognised over time.

The amounts included in the Comprehensive Income and Expenditure Statement for the RUCA service:

	2020/21	2019/20
	£000	£000
Revenue from contract	(1,455)	(1,384)
Impairment of contract receivables (annual movement)	-	(2)
Total	(1,455)	(1,386)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The amounts included in the Balance Sheet for the RUCA service:

	2020/21	2019/20
	£000	£000
Receivables (included in debtors)	696	713
Total	696	713

10. Pensions**Defined Benefit Scheme**

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

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

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

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2019, the employers' contribution towards the Future Service Rate was set at 13.6% of pensionable pay for the period 1 April 2020 to 31 March 2021.

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 135 different public sector and 'not for profit' organisations with assets totalling £5.88 billion. At the end of March 2019 the funding level was 108.6% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham).

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

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2019 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2019 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2021 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

The value of the of the Defined benefit Obligation takes into account the estimated impact of the recent Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively.

Financial Assumptions

The financial assumptions as at 31 March 2021:

Assumptions as at:	31 March 2021 (% per annum)	31 March 2020 (% per annum)
RPI increases	3.2	2.7
CPI increases	2.9	1.9
Salary increases	3.9	2.9
Pension increases	2.9	1.9
Discount rate	2.0	2.4

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**10. Pensions (continued)**

These assumptions are set with reference to market conditions at 31 March 2021.

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

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

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

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.35% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salaries are assumed to increase at 1.0% p.a. above CPI which includes an allowance for promotions. This is consistent with the approach used at the previous accounting date.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore, this has been updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted.

The assumed life expectations from age 65, weighted by liability are:

	31 March 2021	31 March 2020
Retiring today:		
Males	22.7	23.0
Females	24.5	24.6
Retiring in 20 years:		
Males	23.5	23.8
Females	26.0	26.0

The following assumptions have also been made:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2021:

	At 31 March 2021		At 31 March 2020	
	£000	%	£000	%
Equities	10,139	56%	8,641	54%
Target return portfolio	4,191	23%	4,125	26%
Infrastructure	1,560	9%	1,166	7%
Property	1,610	9%	1,589	10%
Cash	763	4%	488	3%
	18,263	100%	16,009	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2021 is as follows:

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

	At 31 March 2021	At 31 March 2020
	£000	£000
Fair value of employer assets	18,263	16,009
Present value of scheme liabilities	(30,646)	(23,129)
Net Liability	(12,383)	(7,120)
Present value of unfunded liabilities	(22)	(18)
Net Liability in Balance Sheet	(12,405)	(7,138)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Service cost	574	581
Net interest on the defined liability	163	187
Administration expenses	20	22
Total	757	790

The reconciliation of the Defined Benefit Obligation at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Defined Benefit Obligation	(23,147)	(25,604)
Current service cost	(574)	(581)
Interest cost	(533)	(591)
Change in financial assumptions	(7,592)	2,923
Change in demographic assumptions	238	(139)
Experience loss on defined benefit obligation	276	(157)
Estimated benefits paid net of transfers	515	189
Contributions by scheme participants	(140)	(131)
Unfunded pension payments	2	2
Adjustment arising from apportionment of pension liability	287	942
Closing Defined Benefit Obligation	(30,668)	(23,147)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Fair Value of Employer's Assets	16,009	17,430
Interest on assets	370	405
Return on assets less interest	2,236	(592)
Other actuarial losses	-	(715)
Administration expenses	(20)	(22)
Contributions by employer	245	204
Contributions by scheme participants	140	131
Estimated benefits paid plus unfunded net of transfers in	(517)	(191)
Adjustment arising from apportionment of pension liability	(200)	(641)
Closing Fair Value of Employer's Assets	18,263	16,009

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	30,004	30,668	31,345
Projected service cost	880	912	945
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	30,725	30,668	30,608
Projected service cost	913	912	912
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	31,280	30,668	30,067
Projected service cost	945	912	881
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	31,997	30,668	29,393
Projected service cost	953	912	873

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Return on plan assets in excess of interest	2,236	(592)
Other actuarial losses on assets	-	(715)
Change in financial assumptions	(7,592)	2,923
Change in demographic assumptions	238	(139)
Experience gain/(loss) on defined benefit obligation	276	(157)
Adjustment arising from apportionment of pension liability	87	301
Re-measurements	(4,755)	1,621

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

The projections for the year to 31 March 2022 is as follows:

	31 March 2022
	£000
Service cost	912
Net interest on the defined liability	245
Administration expenses	24
Total	1,181
Employers contribution	241

Defined Contribution Scheme

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. Pension contributions are based on a percentage of the monthly fee paid to adjudicators participating in the scheme. The Committee's contribution rate for the 2020/21 tax year was 3% (2019/20: 3%) while the adjudicators' minimum contribution rate was 5% (2019/20: 5%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	2020/21	2019/20
	£000	£000
Current period contributions	24	25

11. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2020	26	930	956
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	26	930	956
Depreciation			
At 1 April 2020	18	423	441
Charge for the year	3	102	105
Charge relating to Disposals	-	-	-
At 31 March 2021	21	525	546
Net Book Value			
At 31 March 2021	5	405	410
At 31 March 2020	8	507	515

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11. Property, Plant and Equipment (continued)

Comparative movements in 2019/20:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2019	24	930	954
Additions	2	-	2
Disposals	-	-	-
At 31 March 2020	26	930	956
Depreciation			
At 1 April 2019	16	321	337
Charge for the year	2	102	104
Charge relating to Disposals	-	-	-
At 31 March 2020	18	423	441
Net Book Value			
At 31 March 2020	8	507	515
At 31 March 2019	8	609	617

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

12. Short Term Debtors

	31 March 2021 £000	31 March 2020 £000
Amounts owed by member authorities	1,389	1,593
Payments in advance	367	534
Other debtors	2,277	1,929
Impairment losses for bad debts	(128)	(135)
Total	3,905	3,921

13. Cash and Cash Equivalents

	31 March 2021 £000	31 March 2020 £000
Cash held by the Committee	590	1,075
Cash balances held by the City of London	5,156	5,438
Total	5,746	6,513

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

14. Short Term Creditors

	31 March 2021	31 March 2020
	£000	£000
Amounts owed to member authorities	(2,192)	(1,766)
Amounts owed to group undertaking	(472)	(515)
Receipts in advance	(51)	
Accruals	(1,406)	(2,023)
Other creditors	(5)	-
Total	(4,126)	(4,304)

15. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial assets:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	9,445	10,014
Total financial assets	9,445	10,014
Non-financial assets	616	935
Total assets	10,061	10,949

Financial liabilities:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	(4,055)	(4,262)
Total financial liabilities	(4,055)	(4,262)
Non-financial liabilities	(12,476)	(7,180)
Total liabilities	(12,476)	(11,442)

16. Usable Reserves

	31 March 2021	31 March 2020
	£000	£000
General Reserve	3,877	3,946
2020 Freedom Pass Re-issue Reserve	792	1,241
Special Projects Reserve	1,337	1,500
Total	6,006	6,687

17. Transfers (from)/to Specific Reserves

Transfers (from)/to the Specific Reserves during the year ended 31 March 2021:

	Balance at 1 April 2020	Transfer out	Transfer In	Balance at 31 March 2021
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	1,241	(449)	-	792
Special Projects Reserve	1,500	(163)	-	1,337
Total	2,741	(612)	-	2,129

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

17. Transfers (from)/to Specific Reserves (continued)

Transfers (from)/to the Specific Reserves during the year ended 31 March 2020 (Restated):

	Balance at 1 April 2019 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2020 £000
Freedom Pass Renewal Reserve	2,803	(1,562)	-	1,241
Special Projects Reserve	750	-	750	1,500
Total	3,553	(1,562)	750	2,741

The Freedom Pass Renewal Reserve was established by the Committee to accumulate funds to meet the cost of the Freedom Pass renewal exercises.

The Special Projects Reserve was established by the Committee to be used for priority projects as determined by the Committee.

The comparative figures for the Specific Reserves have been restated to reflect the correct split between both reserves.

18. Unusable Reserves

	31 March 2021 £000	31 March 2020 £000
Pensions Reserve	(12,405)	(7,138)
Accumulated Absences Reserve	(71)	(42)
Total	(12,476)	(7,180)

Pensions Reserve

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

18. Unusable Reserves (continued)

	2020/21		2019/20	
	£000	£000	£000	£000
Balance at 1 April		(7,138)		(8,174)
Actuarial gains or losses on pension assets and liabilities		(4,755)		1,621
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(757)		(789)	
Employer's pensions contribution and direct payments to pensioners payable in the year	245	(512)	204	(585)
Balance at 31 March		(12,405)		(7,138)

Accumulated Absences Reserve

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

	2020/21		2019/20	
	£000	£000	£000	£000
Balance at 1 April		(42)		(41)
Settlement or cancellation of accrual made at the end of the preceding year	42		41	
Amounts accrued at the end of the current year	(71)		(42)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(29)		(1)
Balance at 31 March		(71)		(42)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

19. Cash Flow Statement – Operating Activities

	2020/21 £000	£000	2019/20 £000	£000
(Deficit)/Surplus on Provision of Services		(1,222)		(1,388)
Adjusted for:				
Current Service Cost Adjustment	349		399	
Depreciation	105		104	
Net return on Pension Scheme Assets/Liabilities	163		186	
Decrease in Debtors	16		2,214	
(Decrease)/increase in Creditors	(178)		428	
Adjustments for non-cash movements		455		3,331
Finance and investment income	(79)		(174)	
Adjustments for investing and financing activities		(79)		(174)
Net cash flows from Operating Activities		(846)		1,769

20. Cash Flow Statement – Investing Activities

	2020/21 £000	2019/20 £000
Finance and investment income	79	174
Payment to Acquire Property, Plant and Equipment and Intangible Assets	-	(2)
Total	79	172

21. Members' Allowances

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

	2020/21 £000	2019/20 £000
Members' Allowances	22	17

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

22. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2020/21	2019/20
£50,000 - £54,999	2	1
£55,000 - £59,999	1	-
£60,000 - £64,999	-	1
£75,000 - £79,999	-	1
£80,000 - £84,999	1	1
£85,000 - £89,999	1	-
£110,000 - £114,999	-	1
£115,000 - £119,999	1	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

22. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Transport and Environment Committee based on the estimated amount of time spent working on the Committee's affairs as follows:

- Deputy Chief Executive – 20% (2019/20: 20%)
- Director, Transport and Mobility 100% (2019/20: 100%)
- Director, Corporate Governance – 20% (2019/20: 20%)
- Director, Communications – 28% (2019/20 28%)

Senior officers remuneration during 2020/21

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Deputy Chief Executive	28,868	-	3,926	32,794
Director, Transport and Mobility	125,245	-	17,187	142,432
Director, Corporate Governance	20,121	-	2,737	22,858
Director, Communications	30,345	-	4,127	34,472
Total	204,579	-	27,977	232,556

Senior officers remuneration during 2019/20

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Deputy Chief Executive	27,262	-	3,271	30,533
Director, Transport and Mobility	121,893	-	14,627	136,520
Director, Corporate Governance	21,155	-	2,531	23,686
Director, Communications	29,532	-	3,544	33,076
Total	199,842	-	23,973	223,815

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

23. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2020/21 (2019/20: nil).

24. External Audit Costs

The fee charged for the audit of all London Councils Statement of Accounts and Statutory Return was £53,000 (2019/20 £42,000). The 2020/21 audit fee includes £6,000 in respect of the audit of the 2019/20 accounts that were agreed after the accounts were signed. The following amount has been apportioned to the Transport and Environment Committee on the basis of the absolute value of financial transaction in accordance with the accounting policy on overheads (see Note 1, Item m):

	2020/21	2019/20
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts	35	28
	35	28

25. Related Parties

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

Member Authorities

Member authorities have direct control over the Committees activities through their membership of London Councils Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member authorities during 2020/21 was £30.728 million (2019/20: £30.969 million). The total value of expenditure paid to member authorities during 2020/21 was £16,000 (2019/20: £11,000). On 31 March 2021, the value of debtor balances owed by member authorities amounted to £1.389 million (2019/20: £1.593 million) and the value of creditor balances owed to member authorities (including receipts in advance) amounted to £2.192 million (2019/20: £1.766 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2020/21 was £6.129 million (2019/20: £8.879 million). There was no expenditure paid to TfL during 2020/21 (2019/20: £15,000). On 31 March 2021, the value of debtor balances owed by TfL amounted to £1.125 million (2019/20: £794,000) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £214,000 (2019/20: £97,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**25. Related Parties****Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2020/21 amounted to £3.783 million (2019/20: £4.851 million). On 31 March 2021, the value of debtor balances owed by central government bodies amounted to £515,000 (2019/20: £905,000) and there were no creditor balances owed to central government bodies (including receipts in advance) (2019/20: Nil).

London Councils Limited

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £472,000 (2019/20: £515,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2021, the value of creditor balances owed to the group company was £472,000 (2019/20: £515,000).

26. Concessionary Fares

These accounts do not include the amount of £318.763 million (2019/20: £320.913 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme. Whilst these direct payments are included in the Committee's annual budget they are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs will artificially inflate London Councils income and expenditure.

27. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils. A copy of the consolidated accounts for 2020/21 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL and London Councils' website (www.londoncouncils.gov.uk).

28. Segmental Reporting

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

GLOSSARY

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – this will only apply to investments in other entities held by the Committee.

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

A right to future economic benefits controlled by the authority that is represented by: cash; an equity instrument of another entity; a contractual right to receive cash (or another financial asset) from another entity; and a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by: a contractual obligation to deliver cash (or another financial asset) to another entity; and a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

Fixed Assets

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

Historical Cost

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

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

A promise in a contract with a service recipient to transfer to the service recipient either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the service recipient.

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

A party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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



LONDON COUNCILS GRANTS COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2021

LONDON COUNCILS – GRANTS COMMITTEE

Contents

Page

Narrative Report to the Statement of Accounts	1-5
Statement of Responsibilities for the Statement of Accounts	6
Approval Certificate	7
Annual Governance Statement	8-14
Independent Auditor's Report	15-19
Comprehensive Income and Expenditure Statement	20
Movement in Reserves Statement	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Accounts	24-46
Glossary	47-52

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**REVIEW OF THE YEAR****Introduction**

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

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

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

London Councils Grants Committee

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

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

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

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

The 2017-22 Grants Programme

In response to Covid-19, in July 2020, the Grants Committee agreed that the 2017 to 2021 programme be extended until March 2022 to allow time to develop a new programme that reflects a changed London.

Principles

The 2017-22 programme operates under the following principles agreed by the Leaders' Committee:

- services deliver effectively and can meet outcomes specified by London Councils
- services complement existing local provision and support those local organisations in delivery of services
- services are more economical and efficient to deliver on a London wide basis (or where mobility is key to delivery of a service to secure personal safety i.e. emergency refuge provision)
- services cannot reasonably be delivered locally (borough or sub-regional level)
- services work with statutory and non-statutory partners and contribute to meeting the objectives of the Equality Act 2010.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The financial year 2020-21 was the fourth year of the extended five-year programme, which continued to cover two priority areas:

Priority 1 Combatting Homelessness - £12.4 million (over 5 years)

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

Five projects are funded under this priority.

Priority 2 Tackling Sexual and Domestic Violence - £18.5 million (over 5 years)

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

Eight projects are funded under this priority.

Other Grant Funded Activity

In May 2020, the Grants Committee approved an additional £945,000 investment into both priorities (underspend from an ESF/grants funded programme that completed in 2019) to increase advice services to people with no recourse to public funds.

In March 2021, the Grants Committee approved a £300,000 investment (from accumulated grants reserves), and matched funds with the Greater London Authority to set up emergency accommodation exclusively for under 25-year olds to help address the growing issue of young people sleeping rough during 2020.

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

Progress to date

Progress on the current Grants programme is reported to Grants Committee regularly. The last performance update provided information for the first four years of the programme. In summary:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Priority 1 overall was 9 per cent above profile. All five Priority 1 projects are rated as making good progress against all metrics.
- Priority 2 overall was 9 per cent below profile. Seven projects funded under Priority 2 are making good progress against all metrics, one is under performance improvement measures.

Looking forward to 2021-22

We will continue to tackle the priorities set by Leaders' and Grants Committees in the coming year, in the context of the extraordinary circumstances that London has faced over the past year, and will continue to face for some time due to the lasting effects of Covid-19 and the measures needed to lessen its spread. We will continue to be mindful of the need to complement and support London's recovery and renewal and will ensure the programme remains alive to a changing landscape, and the changing needs of some of our most vulnerable residents. We will manage the performance of the programme and report to the Grants Committee on a regular basis.

With the decision to extend the current Grants programme for a year to ensure the continuation of services to boroughs to March 2022, planning and design of a new grants programme for 2022 to 2026 begun afresh in 2020-21 and a new timetable of activity was agreed by the Grants Committee to enable a new programme to start in 2022.

We will continue to work on the implementation of the new 2022-2026 pan-London Grants Programme to further support London's recovery and renewal and complement the work of London's boroughs. An initial expression of interest phase opened in April, with grant applications being invited over the summer. Decisions on applications will be made in November 2021, with a view to services commencing on 1 April 2022.

During this time, the current 2017-2022 programme will deliver its final year of services. An evaluation of the programme has been commissioned by London Councils.

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

The Committee's accounts for the 2020/21 financial year are set out over the following pages. They include:

- i) Statement of Responsibilities for the Statement of Accounts (page 6);
- ii) Comprehensive Income and Expenditure Statement (page 20);
- iii) Movement in Reserves Statement (page 21);
- iv) Balance Sheet (page 22);
- v) Cash Flow Statement (page 23); and
- vi) Notes to the Accounts (page 24 - 46).

Revenue expenditure

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

	Budget	Actual	Variation
	£000	£000	£000
Expenditure	6,668	7,259	591
Income	(6,668)	(6,704)	(36)
Net cost of services	-	555	555
Interest Expense	-	(5)	(5)
Deficit for the year	-	550	550
Net Transfer from Reserves	-	(665)	(665)
Surplus for the year			
(including transfer from reserves)	-	(115)	(115)

The surplus of £115,000 is due to an underspend of £72,000 in respect of the payments to commissioned services and £43,000 in respect of the administration of the scheme.

The surplus on commissioned services is mainly due to accumulated underspends of less than £10k against anticipated budgets for six grant funded organisations. These underspends were due to lower costs associated with pivoting work due to Covid-19 (staff travel, recruitment, venue hirer and catering, volunteer costs, delayed set up of special initiatives etc.). The Grants Team is working with these organisations to look at reinvesting these sums into the final year of the programme to support Covid-19 recovery work. In addition, the Tender Education and Arts charity underspent against its anticipated staffing budget as it received a portion of funding through the government furlough scheme.

The underspend on the administration costs is attributable to:

- an underspend of £17,000 in respect of employee costs due to vacancies within the team, an underspend on the maternity provision and other indirect employee underspends such as training;
- an underspend of £35,000 for general running costs including central recharges;
- an additional sum of £20,000 from investment income has been received on Committee reserves, not previously budgeted for;
- £8,000 other income in relation to recognition of a project management fee; and

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- net costs of £37,000 associated with the completion of the ESF programme.

The ESF programme concluded on 30 June 2019 with some residual costs incurred in 2020/21. Members agreed in March 2020 to utilise the remaining balances held in reserves to increase Priority 1 and 2 grants for the sole purpose of increasing immigration advice for service users with no recourse to public funds. Of the £945,000 set aside for this programme, payments of £618,000 have been made during 2020/21. It is estimated that the remaining payments of £327,000 will be made during 2021/22.

The Balance Sheet shows that the General Fund reserve balance has decreased from £1.866 million at the beginning of the year to £1.363 million at the year-end.

Budget for 2021/22

On 8 December 2020, the Leaders' Committee approved a gross expenditure budget for 2021/22 of £6.668 million. An amount of £6.233 million related to payments to commissioned services and the contribution to the London Funders Group, with the residual budget of £435,000 relating to management and administration expenditure. The London boroughs gave agreement to the budget by the statutory two-thirds majority before the end of January 2021.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Chamberlain of the City of London's Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2021 and of its income and expenditure for the year then ended.



Caroline Al-Beyerty, CPFA
The Chamberlain, City of London

24 November 2021

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 16 September 2021, the statement of accounts were approved on behalf of the Committee.

Following disclosure changes, I hereby approve this final version of the statement of accounts on behalf of the Audit Committee.

R E Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

24 November 2021

ANNUAL GOVERNANCE STATEMENT

Introduction

Covid-19

The Covid-19 pandemic has continued to have an impact on London Councils' services during the 2020/21 financial year. The pandemic has led to a reduction in income from enforcement activities, replacement of Freedom Passes, tenant licences and meeting room hire. In addition to the income lost from the reduction of these services, there has been expenditure incurred to ensure that London Councils continues its operations and provides support to member boroughs and their constituents. Contractors were asked to put in place contingency measures to maintain services during the period. London Councils has taken measures to make sure that staff remain safe during this period by providing home working arrangements, signposting useful sources of information and holding webinars for all staff and coaching sessions for managers to promote mental wellbeing. Building risk assessments in accordance with government guidance on Covid-19 secure workplaces were undertaken at both London Councils sites in May 2020. Appropriate safety measures were introduced to allow a limited number of staff to work safely in the buildings, where necessary, in accordance with social distancing requirements.

London Councils has continued to support its member authorities in the critical role they play in the response to the Covid-19 Pandemic. A detailed description of the support provided by London Councils is set out in the *Narrative Statement* on page 1 to 5 of the statement of accounts. The assistance provided to member boroughs included:

- supporting political leadership and engagement through regular meetings of borough Leaders, the London local authority co-ordinating chief executive and other senior advisers and partners, including the Minister for London and the Director of Public Health for London;
- supporting the coordination of borough communications efforts throughout the pandemic enabling boroughs to communicate in a clear and co-ordinated way;
- London Councils' Chief Executive has been a point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures;
- supporting boroughs in the preparation of assessments of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London; and
- continuing to carry out policy work and harness London local government's collective capacity in areas such as business, the economy, community safety, housing, transport and environmental matters.

London Councils Group Leaders have played an important role in a number of sub-regional and pan-London co-ordination arrangements that have been established to provide additional support and broker mutual aid and learning across the Capital. These arrangements include London Councils' Pandemic Steering Committee, the London Transition Board and the London Recovery Board.

The restrictions introduced to reduce the spread of the pandemic meant that in person meetings could no longer be held. Virtual meetings were established following the introduction of temporary, emergency, measures (the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020) which enabled formal decision-making meetings to be held virtually until 6 May 2021. The ability to operate in this manner, with live streaming of public meetings, ensured that decisions continued to be taken in a transparent manner and improved member attendance. Following the expiry of the emergency legislation and given that social distancing restrictions are still in operation, London Councils' Pandemic Steering Committee agreed that the committee meeting schedule should continue virtually with those decisions required to be ratified being agreed through London Councils' urgency procedures.

ANNUAL GOVERNANCE STATEMENT (continued)

London Councils corporate and directorate risk registers were reviewed and updated where relevant to incorporate the impact of the Covid-19 pandemic. The risk registers were reviewed during the year in accordance with London Councils' risk management framework.

The impact of the pandemic affected the delivery of the 2020/21 internal audit plan with two reviews deferred to 2021/22. The approach of internal audit reviews that were undertaken during the year were revised to take into account changes to procedures introduced in response to the pandemic.

London Councils' business continuity arrangements operated effectively during the lockdown period. The IT transformation programme which began in December 2018 and involved the roll-out of laptops to all staff and migration to cloud based data and business services facilitated effective remote working. In June 2020, a new cloud-based VoIP telephony system was introduced that allows staff to stay connected while working away from the office and enhances business continuity arrangements. A review of the Business Continuity Plan will be carried out during 2021/22 in order to incorporate operational experiences learned during the lockdown.

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

The governance framework

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

ANNUAL GOVERNANCE STATEMENT (continued)

- Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs.
- Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioner's model publication scheme and follows the provision for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and agendas, reports, background papers and minutes of meetings are published under this scheme.
- Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year which feeds into the production of the Annual Review that highlights key achievements. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 13 October 2020. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders' Committee appoints members to four other sub-committees/forums which are the Pandemic Steering Committee, Audit Committee, Young People's Education and Skills Board (YPES) and Fire Safety Members Group. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders' Committee on 13 October 2020. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2020. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.
- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government. The City of London Corporation is the designated council for the purpose of awarding grants under Section 48(2)(a) of the Local Government Act 1985. The Chamberlain of the City of London (Chief Financial Officer) is the responsible finance officer for the Grants Committee and signs the Statement of Responsibilities.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his or her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess his or her performance against agreed objectives.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Audit Committee** – The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 13 October 2020. The Audit Committee meets three times a year and is chaired by a leading member from a borough. The members of the Audit Committee will not normally be members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.
- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces an Annual Review which provides a summary of the key achievements over the last year and annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangements.

Review of effectiveness

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2020/21.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2021/22

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2021/22:

ANNUAL GOVERNANCE STATEMENT (continued)**Procurement of Goods and Services**

An internal audit review of the procurement of goods and services was completed in 2019/20. The review examined the adequacy of controls in relation to the procurement of goods and services to ensure:

- compliance with procurement and financial regulations and procedures;
- orders are raised for legitimate purposes;
- London Councils obtains value for money from its procurement activity; and
- adequate segregation of duty controls are in place.

The review also considered the extent of the use of manual processing systems in the procurement process. The review established that an adequate control framework is in place and identified some areas to improve such as monitoring compliance with the procurement and financial regulations and exploring the option of using the City of London's electronic purchase order system. Three of the four recommendations were implemented during 2020/21. The final recommendation which relates to the use of retrospective purchase orders will be fully implemented during 2021/22.

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

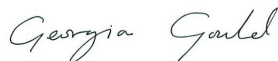
Significant governance issues

There are no significant governance issues.



Alison Griffin
Chief Executive

24 November 2021



Cllr Georgia Gould
Chair of London Councils

24 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS GRANTS COMMITTEE**Report on the Audit of the Financial Statements****Opinion on financial statements**

We have audited the non-statutory financial statements (the 'financial statements') of London Councils Grants Committee (the 'Committee') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2021 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chamberlain of the City of London's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Committee to cease to continue as a going concern.

In our evaluation of the Chamberlain of the City of London's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Committee's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Committee. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Committee and the Committee disclosures over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Committee's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chamberlain of the City of London's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chamberlain of the City of London with respect to going concern are described in the 'Responsibilities of the Committee, the Chamberlain of the City of London and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chamberlain of the City of London is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Committee, the Chamberlain of the City of London and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out on page 6, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Chamberlain of the City of London. The Chamberlain of the City of London is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chamberlain of the City of London determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chamberlain of the City of London is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Committee will no longer be provided.

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

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Committee's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Committee and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Accounts and Audit Regulations 2015, the Local Government Act 1972, and the Local Government Act 2003.

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

- We enquired of senior officers and the Audit Committee concerning the Committee's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Committee's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and judgements and transactions outside the course of business.
- Our audit procedures involved:
 - journal entry testing, with a focus on unusual and high risk journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the Committee's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Committee including:
 - the provisions of the applicable legislation

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

- guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Committee's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The Committee's control environment, including the policies and procedures implemented by the Committee to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the members of the Committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the Committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's members as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of Grant Thornton UK LLP, Appointed Auditor

London

Date: 8 December 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

		2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
	Notes						
Cost of Services							
Borough commissioned services		6,101	(6,173)	(72)	6,149	(6,173)	(24)
ESF commissioned services		49	(27)	22	828	(624)	204
NRPF commissioned services		618	-	618	-	-	-
Cost of Services		6,768	(6,200)	568	6,977	(6,797)	180
Other Operating Expenditure	7	491	(504)	(13)	589	(524)	65
Financing and investment income and expenditure	8	15	(20)	(5)	25	(9)	16
Deficit on Provision of Services		7,274	(6,724)	550	7,591	(7,330)	261
Re-measurement of the net defined liability	10			186			(203)
Other Comprehensive Income and Expenditure				186			(203)
Total Comprehensive Income and Expenditure				736			58

The notes on pages 24 to 46 form part of the accounts.

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21			2019/20		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	1,866	(971)	895	2,051	(1,098)	953
Total Comprehensive Income and Expenditure	(550)	(186)	(736)	(261)	203	(58)
Adjustments between accounting basis and funding basis under regulations (note 6)	47	(47)	-	76	(76)	-
(Decrease)/Increase	(503)	(233)	(736)	(185)	127	(58)
Balance at 31 March	1,363	(1,204)	159	1,866	(971)	895

The notes on pages 22 to 44 form part of the accounts.

BALANCE SHEET AS AT 31 MARCH 2021

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

	Note	31 March 2021 £000	31 March 2020 £000
Short Term Debtors	12	535	669
Cash and Cash Equivalents	13	1,113	1,197
Current Assets		1,648	1,866
Short Term Creditors	14	(291)	(7)
Current Liabilities		(291)	(7)
Other Long Term Liabilities	10	(1,198)	(964)
Long Term Liabilities		(1,198)	(964)
Net Assets		159	895
Usable Reserves		1,363	1,866
Unusable Reserves	16	(1,204)	(971)
Total Reserves		159	895

The notes on pages 24 to 46 form part of the accounts.



Caroline Al-Beyerty, CPFA
The Chamberlain, City of London

24 November 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

	2020/21	2019/20
	£000	£000
Net deficit on the provision of services	(550)	(261)
Adjustments to net deficit on the provision of services for non-cash movements	466	475
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(20)	(9)
Net cash flows from Operating Activities (note 17)	(104)	205
Investing Activities (note 18)	20	9
Net increase/(decrease) in cash and cash equivalents	(84)	214
Cash and cash equivalents at 1 April	1,197	983
Cash and cash equivalents at 31 March	1,113	1,197

The notes on pages 24 to 46 form part of the accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract in accordance with *IFRS15 Revenue from Contracts with Customers*;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.0% (2019/20: 2.4%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**1. Accounting Policies (continued)**

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

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

g Financial Instruments**Financial Liabilities**

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

Currently the Committee has no borrowings.

Financial Assets

Apart from cash, the only financial assets held by the Committee are receivables that have fixed or determinable payments but are not quoted in an active market and are measured at amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Impairment losses/gains are also recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

h Government Grants and Contributions

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

1. Accounting Policies (continued)

i Interest Income

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

j Overheads

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

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

k Reserves

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

l Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) has introduced changes in accounting policies which will be required from 1 April 2021. If these had been adopted for the financial year 2020/21 there would be no material changes to the Committee's accounts as detailed below.

IFRS 3, *Business Combinations* – There is an amendment to this standard to resolve difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The International Accounting Standards Board (IASB) issued the narrow scope adjustments as the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. This amendment is unlikely to have an impact on the committee's accounts as there are no proposals to acquire a business or group of assets.

Interest Rate Benchmark Reforms – There are amendments to the hedge accounting requirements in IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures* in order to address the uncertainty that will arise from the replacement of interbank offered rates with alternative risk free rates as part of proposed reforms. The second phase of these amendments will also include modifications to IFRS 4, *Insurance Contracts* and IFRS 16, *Leases* and focuses on changes to the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. These amendments are unlikely to have an impact on the committee's accounts due to the limited types of financial instruments held.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**2. Accounting Standards that have been Issued but not yet adopted (continued)**

IFRS16 Leases – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard until 2022/23 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2022. This standard will not have an impact on the Committee's accounts as it has not entered into any lease contracts.

3. Critical Judgements in Applying Accounting Policies

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

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

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision. The current Covid-19 pandemic is expected to have a minimal impact on the Committee's future financial position.

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

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

The items in the Committee's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £65,000. However, the assumptions interact in complex ways. During 2020/21, Barnett Waddingham LLP advised that the net pensions liability had increased by £733,000 as a result of changes in the financial assumptions.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**5. Events After the Balance Sheet Date**

The Statement of Accounts will be authorised for issue by the Director of Corporate Resources on 24 November 2021. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

A review of the potential impact of Covid-19 on the Committee's affairs has not revealed any changes to conditions that existed at the balance sheet date that require adjusting.

There has been a change in Chief Executive with John O'Brien departing in April 2021 and Alison Griffin joining in July 2021. The Deputy Chief Executive left the organisation in August 2021 and Director of Corporate Resources retired in October 2021. The new Chief Executive has implemented interim arrangements to cover the departures until permanent arrangements are in place.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6A. Expenditure and Funding Analysis

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

	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
	Net Expenditure	Adjustments	Net Expenditure	Net Expenditure	Adjustments	Net Expenditure
	Chargeable to	between the	in the	Chargeable to	between the	in the
	Usable Reserves	Funding and	Comprehensive	Usable Reserves	Funding and	Comprehensive
	£000	Accounting	Income and	£000	Accounting	Income and
		Basis	Expenditure		Basis	Expenditure
		£000	Statement		£000	Statement
			£000			£000
Cost of Services						
Borough commissioned services	(72)	-	(72)	(24)	-	(24)
ESF commissioned services	22	-	22	204	-	204
NRPF commissioned services	618	-	618			
Net Cost of Services	568	-	568	180	-	180
Other Operating Expenditure	(45)	32	(13)	14	51	65
Financing and investment income and expenditure	(20)	15	(5)	(9)	25	16
Deficit on Provision of Services	503	47	550	185	76	261
Opening Usable Reserve Balance	(1,866)			(2,051)		
Deficit	503			185		
Closing Usable Reserve Balance	(1,363)			(1,866)		

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2020/21:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	33	(1)	32
Financing and investment income and expenditure	15	-	15
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	48	(1)	47

Adjustments between funding and accounting basis during 2019/20:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	53	(2)	51
Financing and investment income and expenditure	25	-	25
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	78	(2)	76

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

- **Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

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

7. Other Operating Expenditure

	2020/21	2019/20
	£000	£000
Staff costs	342	398
Premises costs	42	70
Other running costs	107	121
Total	491	589

8. Financing and Investment Income and Expenditure

	2020/21	2019/20
	£000	£000
Interest and Investment Income	(20)	(9)
Net loss on Pension Scheme Assets/Liabilities (see note 10)	15	25
Total	(5)	16

9. Revenue from Contracts with Service Recipients

The Committee's main source of income is annual subscriptions from member authorities. The Committee also received an ESF match funded grant. The Committee did not raise any revenue from contracts with service recipients during 2020/21 (2019/20: Nil).

10. Pensions

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**10. Pensions (continued)**

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2019, the employers' contribution towards the Future Service Rate was set at 13.6% of pensionable pay for the period 1 April 2020 to 31 March 2021.

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 135 different public sector and 'not for profit' organisations with assets totalling £5.88 billion. At the end of March 2019 the funding level was 108.6% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham).

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

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2019 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2019 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2021 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

The value of the of the Defined benefit Obligation takes into account the estimated impact of the recent Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively.

Financial Assumptions

The financial assumptions as at 31 March 2021:

Assumptions as at:	31 March 2021 (% per annum)	31 March 2020 (% per annum)
RPI increases	3.2	2.7
CPI increases	2.9	1.9
Salary increases	3.9	2.9
Pension increases	2.9	1.9
Discount rate	2.0	2.4

These assumptions are set with reference to market conditions at 31 March 2021.

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**10. Pensions (continued)**

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

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.25% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.35% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salaries are assumed to increase at 1.0% p.a. above CPI which includes an allowance for promotions. This is consistent with the approach used at the previous accounting date.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore, this has been updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

The assumed life expectations from age 65, weighted by liability are:

	31 March 2021	31 March 2020
Retiring today:		
Males	22.7	23.0
Females	24.5	24.6
Retiring in 20 years:		
Males	23.5	23.8
Females	26.0	26.0

The following assumptions have also been made:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The fair value of the pension scheme assets attributable to the Grants Committee at 31 March 2021:

	At 31 March 2021		At 31 March 2020	
	£000	%	£000	%
Equities	980	55%	1,166	54%
Target return portfolio	405	23%	557	26%
Infrastructure	151	9%	157	7%
Property	156	9%	215	10%
Cash	74	4%	66	3%
	1,766	100%	2,161	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Fair value of employer assets	1,766	2,161
Present value of scheme liabilities	(2,962)	(3,122)
Net Liability	(1,196)	(961)
Present value of unfunded liabilities	(2)	(3)
Net Liability in Balance Sheet	(1,198)	(964)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Service cost	55	78
Net interest on the defined liability	16	25
Administration expenses	2	3
Total	73	106

The reconciliation of the Defined Benefit Obligation at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Defined Benefit Obligation	(3,125)	(3,412)
Current service cost	(55)	(78)
Interest cost	(51)	(80)
Change in financial assumptions	(733)	395
Change in demographic assumptions	23	(19)
Experience gain/(loss) on defined benefit obligation	27	(21)
Estimated benefits paid net of transfers	50	26
Contributions by scheme participants	(14)	(18)
Adjustment arising from apportionment of pension liability	914	82
Closing Defined Benefit Obligation	(2,964)	(3,125)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Opening Fair Value of Employer's Assets	2,161	2,323
Interest on assets	36	55
Return on assets less interest	216	(80)
Other actuarial losses	-	(97)
Administration expenses	(2)	(3)
Contributions by employer	24	28
Contributions by scheme participants	14	18
Estimated benefits paid plus unfunded net of transfers in	(50)	(26)
Adjustment arising from apportionment of pension liability	(633)	(57)
Closing Fair Value of Employer's Assets	1,766	2,161

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,899	2,964	3,028
Projected service cost	85	88	91
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	2,968	2,964	2,957
Projected service cost	88	88	88
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,022	2,964	2,905
Projected service cost	91	88	85
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	3,091	2,964	2,840
Projected service cost	92	88	84

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2021 is as follows:

	At 31 March 2021	At 31 March 2020
	£000	£000
Return on plan assets less interest	216	(80)
Other actuarial losses on assets	-	(97)
Change in financial assumptions	(733)	395
Change in demographic assumptions	23	(19)
Experience gain/(loss) on defined benefit obligation	27	(21)
Adjustment arising from apportionment of pension liability	281	25
Re-measurements	(186)	203

The projections for the year to 31 March 2022 is as follows:

	2021/22
	£000
Service cost	88
Net interest on the defined liability	24
Administration expenses	2
Total	114
Employers contribution	23

11. Capital Commitments

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

12. Short Term Debtors

	31 March 2021	31 March 2020
	£000	£000
Amounts owed by member authorities	68	-
Payments in advance	1	1
Other debtors	466	668
Total	535	669

13. Cash and Cash Equivalents

	31 March 2021	31 March 2020
	£000	£000
Cash balances held by the City of London	1,113	1,197
Total	1,113	1,197

14. Short Term Creditors

	31 March 2021	31 March 2020
	£000	£000
Accruals	(291)	(7)
Total	(291)	(7)

15. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial assets:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	1,648	1,865
Total financial assets	1,648	1,865
Non-financial assets	-	1
Total assets	1,648	1,866

Financial liabilities:

	31 March 2021	31 March 2020
	£000	£000
Amortised cost	(285)	-
Total financial liabilities	(285)	-
Non-financial liabilities	(1,204)	(971)
Total liabilities	(1,204)	(971)

16. Unusable Reserves

	31 March 2021	31 March 2020
	£000	£000
Pensions Reserve	(1,198)	(964)
Accumulated Absences Reserve	(6)	(7)
Total	(1,204)	(971)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

16. Unusable Reserves (continued)

Pensions Reserve

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

	2020/21		2019/20	
	£000	£000	£000	£000
Balance at 1 April		(964)		(1,089)
Actuarial gain on pension assets and liabilities		(186)		203
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(72)		(106)	
Employer's pensions contribution and direct payments to pensioners payable in the year	24	(48)	28	(78)
Balance at 31 March		(1,198)		(964)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

16. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2020/21		2019/20	
	£000	£000	£000	£000
Balance at 1 April		(7)		(9)
Settlement or cancellation of accrual made at the end of the preceding year	7		9	
Amounts accrued at the end of the current year	(6)		(7)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1		2
Balance at 31 March		(6)		(7)

17. Cash Flow Statement – Operating Activities

	2020/21		2019/20	
	£000	£000	£000	£000
Deficit on Provision of Services		(550)		(261)
Adjusted for:				
Current service cost adjustment	33		53	
Net loss on pension scheme assets/liabilities	15		25	
Decrease in debtors	134		608	
Increase/(decrease) in creditors	284		(211)	
Adjustments for non-cash movements		466		475
Finance and investment income	(20)		(9)	
Adjustments for investing and financing activities		(20)		(9)
Net cash flows from Operating Activities		(104)		205

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

18. Cash Flow Statement – Investing Activities

	2020/21	2019/20
	£000	£000
Finance and investment income	20	9
Total	20	9

19. Members' Allowances

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

	2020/21	2019/20
	£000	£000
Members Allowances	24	19

20. Officers' Remuneration

There are no employees whose remuneration (including termination payments but excluding employer's pension contributions) was £50,000 or more (2019/20: Nil).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

20. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Transport and Environment Committee based on the estimated amount of time spent working on the Committee's affairs as follows:

- Director, Corporate Governance – 5% (2019/20: 5%)
- Strategic Director, Young People Education and Skills, Community Services and Grants – 4% (2019/20: 4%)
- Director, Communications – 11% (2019/20: 11%)

Senior officers remuneration during 2020/21

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Director – Corporate Governance	5,030	-	684	5,714
Strategic Director, Young People Education and Skills, Community Services and Grants	4,335	-	590	4,925
Director, Communications	11,921	-	1,621	13,542
Total	21,286	-	2,895	24,181

Senior officers remuneration during 2019/20

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Director – Corporate Governance	5,289	-	633	5,922
Strategic Director, Young People Education and Skills, Community Services and Grants	4,099	-	492	4,591
Director, Communications	11,602	-	1,392	12,994
Total	20,990	-	2,517	23,507

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

21. Termination Benefits

There were termination payments of £11,978 included in the Comprehensive Income and Expenditure Statement for 2019/20 (2019/20: £6,411).

22. External Audit Costs

The fee charged for the audit of all London Councils Statement of Accounts and Statutory Return was £53,000 (2019/20 £42,000). The 2020/21 audit fee includes £6,000 in respect of the audit of the 2019/20 accounts that were agreed after the accounts were signed. The following amount has been apportioned to the Grants Committee on the basis of the absolute value of financial transaction in accordance with the accounting policy on overheads (see Note 1, Item m):

	2020/21 £000	2019/20 £000
Fees payable in respect of the audit of the Statement of Accounts	3	2
	3	2

23. Related Parties

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

Member Authorities

Member authorities have direct control over the Committees activities through their membership of London Councils Leaders' and Grants Committees. The total value of income from subscriptions recognised in the Comprehensive Income and Expenditure Statement from member authorities during 2020/21 was £6.668 million (2019/20: £6.877 million). On 31 March 2021, the value of debtor balances owed by member authorities amounted to £68,000 (2019/20: Nil) and no creditor balances were owed to member authorities (including receipts in advance) (2019/20: Nil).

24. Grant Commitments

The value of commitments in 2021/22 is £6.173 million.

25. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils. A copy of the consolidated accounts for 2020/21 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL and London Councils' website (www.londoncouncils.gov.uk).

26. Segmental Reporting

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

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – this will only apply to investments in other entities held by the Committee.

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

A right to future economic benefits controlled by the authority that is represented by: cash; an equity instrument of another entity; a contractual right to receive cash (or another financial asset) from another entity; and a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by: a contractual obligation to deliver cash (or another financial asset) to another entity; and a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

Fixed Assets

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

Historical Cost

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

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

A promise in a contract with a service recipient to transfer to the service recipient either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the service recipient.

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

A party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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