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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:	LONDON COUNCILS
Year ended:	31 MARCH 2012
List No:	252E
Head or Main Office:	59½ SOUTHWARK STREET LONDON SE1 0AL
Website address (if available)	www.londoncouncils.gov.uk
Has the address changed during the year to which the return relates?	Yes [ ] No [✓] (Tick as appropriate)
General Secretary:	SELENA LANSLEY
Contact name for queries regarding the completion of this return:	DAVID SANNI
Telephone Number:	020-7934 9704
e-mail:	david.sanni@londoncouncils.gov.uk

CERTIFICATION OFFICE FOR TRADE UNIONS & EMPLOYERS' ASSOCIATIONS
2012
RECEIVED

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

(Revised February 2011)

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
35	-	-	-	**35**

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Please see attached the report dated 13 November 2001 to London Councils (formerly known as ALG) Leaders' Committee entitled "Constitutional Matters" there have been no subsequent changes since 2001.			

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
56,947,758	From Members	Subscriptions, levies, etc		59,901,961
-	Investment income	Interest and dividends (gross)	-	
371,919		Bank interest (gross)	188,379	
(679,000)		Net return on pension assets/liabilities	56,000	
(307,081)				244,379
283,107	Other income	Rents received	240,313	
248,083		Consultancy fees	158,793	
75,382		Publications/Seminars	96,130	
8,594,000		Actuarial gain on pension scheme	-	
4,221,000		IAS19 Past service cost adjustment	-	
55,095,958		Other operating income	16,623,772	
68,517,530				17,199,008
125,158,207		**TOTAL INCOME**		77,265,348
	EXPENDITURE			
	Administrative expenses			
16,772,343		Remuneration and expenses of staff	9,681,379	
2,302,090		Occupancy costs	1,724,761	
349,354		Printing, Stationery, Post	269,081	
97,914		Telephones	64,928	
3,836,463		Legal and Professional fees	1,552,705	
23,358,164				13,292,854
7,596	Other charges	Bank charges	8,137	
538,227		Depreciation	361,609	
24,294		Sums written off	30,020	
450,004		Conference and meeting fees	249,840	
53,676,054		Payment to transport operators	34,266,124	
33,337,983		Grants to voluntary organisations	21,336,294	
-		Actuarial loss on pension scheme	9,833,000	
10,680,954		Other operating expenditure	9,616,442	
98,715,112				75,704,466
-	Taxation			-
122,073,276		**TOTAL EXPENDITURE**		88,997,320
3,084,931		Surplus/Deficit for year		(11,731,972)
349,010		Amount of fund at beginning of year		3,433,941
3,433,941		Amount of fund at end of year		(8,298,031)

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2			Fund Account
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 3			Fund Account
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4			**Fund Account**
Name of account:		**£**	**£**
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5			**Fund Account**
Name of account:		**£**	**£**
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6			Fund Account
Name of account:		£	£
Income			
	From members Investment income Other income (specify)		
	Total Income		
Expenditure			
	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7			Fund Account
Name of account:		£	£
Income			
	From members Investment income Other income (specify)		
	Total Income		
Expenditure			
	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

BALANCE SHEET AS AT 31 MARCH 2012

(see notes 19 and 20)

Previous Year		£	£
1,067,321	**Fixed Assets** (as at page 11)		777,690
	Investments (as per analysis on page 13)		
-	Quoted (Market value £)	-	
-	Unquoted	-	
-	**Total Investments**		-
	Other Assets		
8,058,758	Sundry debtors	6,138,714	
11,619,756	Cash at bank and in hand	10,602,318	
-	Stocks of goods	-	
-	Others (specify)	-	
19,678,514	**Total of other assets**		16,741,032
20,745,835	**TOTAL ASSETS**		17,518,722
3,433,941	Fund (Account)		(8,298,031)
	Fund (Account)		-
	Fund (Account)		-
	Revaluation Reserve		-
	Liabilities		
-	Loans	-	
-	Bank overdraft	-	
-	Tax payable	-	
3,885,498	Sundry creditors	3,947,550	
6,562,186	Accrued expenses	5,249,614	
42,068	Provisions	190,507	
6,822,142	Other liabilities	16,429,082	
17,311,894	**TOTAL LIABILITIES**		25,816,753
20,745,835	**TOTAL ASSETS**		17,518,722

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	-	485,606	581,715	1,067,321
Additions during period	-	71,978	-	71,978
Less: Disposals during period	-	-	-	-
Less: DEPRECIATION:	-	121,401	240,208	361,609
Total to end of period		436,183	341,507	777,690
BOOK AMOUNT at end of period		436,183	341,507	777,690
Freehold				-
Leasehold (50 or more years unexpired)				-
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET		436,183	341,507	777,690

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

YES ✓	NO

If YES name the relevant companies:

COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)
London Councils Limited (A company limited by guarantee)	3037449

INCORPORATED EMPLOYERS' ASSOCIATIONS

Are the shares which are controlled by the association registered in the association's name

YES	NO

If NO, please state the names of the persons in whom the shares controlled by the association are registered.

COMPANY NAME	NAMES OF SHAREHOLDERS

UNINCORPORATED EMPLOYERS ASSOCIATIONS

Are the shares which are controlled by the association registered in the names of the association's trustees?

YES	NO

If NO, state the names of the persons in whom the shares controlled by the association are registered.

COMPANY NAME	NAMES OF SHAREHOLDERS

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	59,901,961	-	59,901,961
From Investments	244,379	-	244,379
Other Income (including increases by revaluation of assets)	17,119,008	-	17,119,008
Total Income	77,265,348	-	77,265,348
EXPENDITURE (including decreases by revaluation of assets)	88,997,320	-	88,997,320
Total Expenditure	88,997,320	-	88,997,320
Funds at beginning of year (including reserves)	3,433,941	-	3,433,941
Funds at end of year (including reserves)	(8,298,031)	-	(8,298,031)

ASSETS		
	Fixed Assets	777,690
	Investment Assets	-
	Other Assets	16,741,032
	Total Assets	17,518,722
LIABILITIES	**Total Liabilities**	25,816,753
NET ASSETS (Total Assets less Total Liabilities)		(8,298,031)

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

The Consolidated Statement of Accounts for London Councils Joint Committee for the year ended 31 March 2012 are attached to this return. The notes to the account can be found on pages 26 to 51 of the Consolidated accounts.

ACCOUNTING POLICIES

(see notes 37 and 38)

The accounting policies can be found on note 1 which is on pages 26 to 33 of the Consolidated Statement of Accounts for London Councils Joint Committee for the year ended 31 March 2012 which is attached to this return.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: S. Lansley	Chairman's Signature: J Pipe (or other official whose position should be stated)
Name: SELENA LANSLEY	Name: MAYOR JULES PIPE
Date: 22.10.12.	Date: 30.10.12

CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	✓	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	✓	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	✓	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	✓	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	✓	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	✓	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

In our opinion the Employers Association (London Councils):

- kept proper accounting records in accordance with the requirements of section 28;
- maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
- prepared accounts, to which this report relates, that agree with the accounting records.

Attached to this return are the Consolidated Financial Statements for the year ended 31 March 2012 and audit report which states that the financial statements give a true and fair view of the state of the Committee's affairs as at 31st March 2012. The disclosures included in this return have been confirmed to be accurately extracted from the aforementioned financial statements.

AUDITOR'S REPORT (continued)

See the attached Consolidated Financial Statements and audit report for the year ended 31 March 2012.

Signature(s) of auditor or auditors:	PricewaterhouseCoopers LLP	
Name(s):	PRICEWATERHOUSECOOPERS LLP	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS	
Address(es):	7 MORE LONDON RIVERSIDE SE1 2RT	
Date:	7/11/12	
Contact name and telephone number:	PHIL CLIFFLANDS 020 7804 0527	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

LONDON COUNCILS JOINT COMMITTEE

CONSOLIDATED STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2012

LONDON COUNCILS - JOINT COMMITTEE

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REVIEW OF THE YEAR

Introduction

London Councils represents the 32 London boroughs, the City of London, the Mayor's Office for Policing and Crime and the London Fire and Emergency Planning Authority. The organisation works to promote the interests of London and London local government at regional, national and European levels. London Councils works closely with the institutions of London's citywide regional governance, including the Mayor of London and the London Assembly.

London Councils is committed to fighting for more resources for London and getting the best possible deal for London's 33 councils. As well as providing its member authorities with a single powerful voice, London Councils lobbies for proper resources for the capital and leads the debate on key issues affecting Londoners. It also provides a range of direct services. It acts as the employers' organisation for the 32 London boroughs, providing advice, support and training and representing them in negotiations and distributes grants funding to cross-London voluntary organisations. London Councils also provides or manages a range of transport-related services, including the Freedom Pass, which allows more than a million older and disabled people to travel free on London's buses, tubes and trains.

Review of the year 2011/12

The past year has not been short of challenges for London local government.

The tightened financial climate in which our member authorities have had to operate continues, and councils across the capital have been looking at every area of activity; to explore ways of saving money, restructure services and work together in ways that can continue to support their communities in times of growing need.

Half way through one of the toughest local government spending settlements in memory, it is also clear that things are unlikely to get any easier in the coming years.

Central to all of London Councils' work over the past year therefore has been the need to support our members in tough times across our four overarching priorities of:

Resourcing London: working alongside our member boroughs and partners to ensure the best possible public financing for London.

Securing devolution and localism: working to shape the Localism Bill and related legislation to seek a coherent approach to devolution to London and its councils, citizens and communities.

Supporting London delivery: providing a defined range of direct services to Londoners and London organisations directly on the collective behalf of boroughs; supporting London local government's collective efforts to enhance the effectiveness of public services across the capital; acting as a focal point for brokerage and coordination between different public services across the capital; working with key political, professional and managerial groupings across the London local government to help strengthen the capacity of our membership to deliver high quality and cost effective services.

Organisational change: resetting our capacity with a reduced workforce; managing our resources and asset base effectively; equipping ourselves with the skills, knowledge and competencies to support London local government in this critical period.

Some of London Councils' successes in pursuit of these objectives over the past year include:
Following sustained lobbying by London Councils, the government announced an extra £260 million in November to help meet the acute shortage of school places for children across the capital. The money will be used to create additional places for entry into primary and secondary schools from September 2012.

REVIEW OF THE YEAR (continued)

Additionally, London Councils won recognition of our approach to funding formula in the further £600 million announced for the next three years in the Chancellor's autumn statement.

At a time when the future role of local authorities in education remains unclear, London Councils commissioned research that showed Head teachers and school leaders in London are worried by the prospect of losing education expertise and specialist support from local authorities as part of the government's education reforms. The findings were used to demonstrate what a vital resource local authorities still are to schools in their area, and to argue that no school should be put at a financial advantage or disadvantage because it is an academy, a free school or a state school.

London Councils' research report: *The changing education environment in London – a schools' perspective* received coverage from the BBC and other media. London Councils ran a seminar for elected members to discuss issues raised in this report and to inform pan-London policy responses.

In pursuit of accountable and coherent devolution, London Councils supported targeted amendments to the Localism Bill, which expanded the community right to challenge, gave statutory force to the partnership arrangement we had argued for and agreed with the GLA, protected boroughs from the imposition of EU fines and reversed the regionalist approach taken towards London in the Localism Act, which received Royal assent in November 2011.

London Councils also developed the first detailed model to demonstrate how business rates across the capital could be collected and shared between local authorities, stimulating economic growth as well as supporting vital services. The proposed scheme could be used to fund local services and do more to incentivise economic development.

Following London leaders' opposition to existing plans to localise council tax benefit (CTB), London Councils led the fight to reform the government's proposals; highlighting their potential to place council finances at considerable risk and undermine support for some of the most vulnerable residents. The organisation proposed rolling the reforms of CTB into the government's wider proposals around Universal Credit instead. As one of the first organisations to come out in opposition, London Councils led a highly visible media campaign around the issue.

London Councils commissioned research into the impact of the government's proposed welfare reforms that showed that single parents, and families with two or more children in London who are starting work, are likely to be worse off under the proposed changes to the benefits system. The research also demonstrated that an estimated 133,000 households will be unable to afford their rent if plans to impose a national cap go ahead and that the Universal Credit system may not be a sufficient incentive for unemployed parents in London to seek work, largely as a result of high childcare, housing and transport costs in the capital.

London Councils successfully lobbied DWP to provide Work Programme performance data at a borough level, and to require the provider of its employment programme for families with multiple problems in London to share performance data with boroughs throughout the programme.

Our dedicated apprenticeships team supported and advised boroughs to help them reach their target of providing 2,000 apprenticeships in local government across the capital, six months ahead of schedule. In January 2009, all the council leaders and chief executives of London's 33 local authorities pledged to offer 2,000 apprenticeships in their own workforces or in those of their contractors by March 2012.

London Councils gained the endorsement of every London leader for the Procurement Pledge that will ensure new jobs and training opportunities are a key part of the deal when London local authorities negotiate contracts with suppliers.

In the wake of the August riots, London Councils submitted evidence to the Riots Communities and Victims Panel, giving a pan-London, cross-party view on their impact and implications. Key recommendations put forward include bringing together funding streams and agencies to deliver effective services locally; and

REVIEW OF THE YEAR (continued)

assistance to protect tried and tested council services and interventions that support young people between the ages of 18 and 24.

London Councils worked with partner organisations to support the investment of more than £30 million in two major ESF (European Social Fund) funded programmes aimed at young people who are NEET (not in education, employment or training) or at risk of becoming NEET, some of the most vulnerable young people in the capital.

London Councils provided funding and support for the Young Parents to Be programme that gave opportunities to 440 16-18 year-olds to improve the prospects for themselves and their families through formal study (usually in better parenting), with many now returning to education, apprenticeships or employment.

London Councils successfully negotiated for the Choice website (offering a pan-London prospectus of post-16 options for young people) to be taken over by UCAS. Faced with closure due to lack of funding, London Councils' involvement helped with the transition to UCAS Progress (www.ucasprogress.com) securing the continuation of this important resource for young people in London.

As local authorities prepare to take on new public health responsibilities London Councils, in partnership with Diabetes UK, commissioned research that demonstrated how improving the way London's health and social care services work together to tackle diabetes could save up to £190 million over the next five years. The organisation used this to set out the need for greater integration between health and social care, and better investment in preventative health work, during this year's party conference season.

London Councils also worked with NHS London and the Joint Improvement Partnership (JIP) to deliver a comprehensive programme to support the development of local Health and Wellbeing Boards (HWBs). In 2011/12, the programme included: network meetings, a workshop programme, £15,000 available to each locality for the own development support and a series of scenario-based events to help HWBs test out some of the issues they may encounter and how they work together as a board to address these. As part of the programme for 2012/13, London Councils is leading a project to support elected members with their roles on HWBs.

London Councils presented influential evidence to the Dilnot Commission looking at the future funding of social care. The evidence highlighted specially commissioned research showing that London has a unique set of characteristics that set it apart from other regions and contribute to higher levels of social care need.

London Councils worked with the GLA and the London Safeguarding Children Board (LSCB), on which London Councils is represented, to help agencies identify and support children who have been trafficked. The LSCB also launched a set of tools and guidelines to support social workers, teachers, police, health workers and other professionals who may come into contact with suspected victims of trafficking. London Councils also worked with the LSCB to launch the inaugural London Safeguarding Children Awards.

London Councils also worked with the London Safeguarding Children Board to pilot a new approach to reviewing serious childcare incidents, liaising regularly with national government to ensure that any replacement for the current serious case review process is strongly based on learning from London.

London Councils co-organised a seminar with the Greater London Authority on Early Intervention to feed into the review conducted by Graham Allen MP. Chaired by Mr Allen himself, the event was seen as a valuable contribution to the subsequent report *Early Intervention: Smart Investment, Massive Savings* (Cabinet Office, 2011) in which London Councils' and the GLA's joint recommendations were supported in full.

Following the government's decision to give the 29 councils in London that own housing full control over their stock from April 2012, London Councils commissioned research that presented a menu of options for

REVIEW OF THE YEAR (continued)

boroughs to work, either individually or in groups, to maximise their opportunities to invest in housing, or improve existing stock.

Responding to government proposals to allow developers to change offices into homes without applying for planning permission, London Councils highlighted borough concerns that the plans could lead to a plethora of low quality homes with no consideration for surrounding infrastructure or their impact on local services.

With central government funding for regeneration having virtually ceased, London Councils lobbied government to give boroughs the flexibilities needed to attract more private capital investment in local regeneration projects. London Councils hosted a seminar for London boroughs to discuss different ways of attracting private investment, captured in the *Investing in London* report.

Largely funded by external sponsorship, London Councils delivered the 13th annual Andy Ludlow Homelessness Awards to showcase innovative work to tackle homelessness across the capital. Six shortlisted organisations shared prize money of more than £50,000.

London Councils lobbied vigorously against the government's intention to require waste authorities to guarantee weekly collection of household waste. In its subsequent Review of Waste Policies in England 2011, the government acknowledged that local waste management decisions such as collection frequencies should be determined locally by elected members working with their local communities.

Reflecting pressures from increasing financial and environmental costs of managing London's waste, London Councils published its report: *Cutting Waste not Services*, setting out a range of practical options for funding waste services and delivering efficiencies while maintaining high service standards. The report's findings are now being delivered and have already led to the identification of £5.6 million delivery support funding by the London Waste and Recycling Board (LWaRB) as part of an efficiencies programme.

London Councils continued to play an important role in the delivery of key services on behalf of its member boroughs and last year awarded a five-year contract worth £1.8 million for the administration of the Freedom Pass that will almost halve the cost of administering the service for boroughs.

On behalf of the 32 participating boroughs, London Councils also awarded a new three-year contract for the London Taxicard Card Scheme to CityFleet Networks Limited. The new contract will provide indicative savings of £1.8 million over three years on the current contract cost and offer additional service benefits for both Taxicard funders and customers.

London Councils secured two further years of grant (circa £600,000 p.a.) to continue to run the Local Authority Emergency Planning Unit in London to further develop partnership arrangements for emergency planning in the capital.

London Councils' European Social Fund (ESF) support work helped London boroughs bid for a share of £11.3 million of ESF programme money, match funded to help unemployed Londoners back into work.

London Councils coordinated a capital-wide consultation on the pan-London grants scheme, so that commissions that met the principles for a London-wide programme and which addressed one or more of the scheme's priority areas would be continued to be funded through the scheme.

Thanks to the continued support of the City of London and external sponsors, London Councils was able to run another cost-neutral annual Summit in November, focusing on the role of councillors in driving economic development and supporting local business. The Summit is a well-established fixture of London's local government calendar, and continues to be free for all members to attend.

London Councils continued to achieve a high media profile for its work and campaigns on behalf of boroughs which was featured in The Financial Times, The Guardian, The Observer, The Times, The Economist and BBC Radio Four's PM programme among others. There was also extensive coverage of

REVIEW OF THE YEAR (continued)

London Councils' work and campaigns in the Evening Standard, on BBC London and in trade and local press.

London Councils responded to changing members' needs and tighter financial times. The organisation reformed the way we engage and communicate with our members. We launched a new member engagement programme in April 2011 that now offers cost-effective, online and tailored services to all members in the form of exclusive, policy-based member briefings, a free events programme and a bespoke members' website.

Looking forward to 2012/13

Our four over-arching themes of: Resourcing London; Securing devolution and localism; Supporting London delivery and Organisational change will continue to shape our strategy and work streams for the coming year

Resourcing London: In a period of acute financial retrenchment, we will work alongside our member boroughs and partners to:

- Ensure the best possible public financing for London;
- Mitigate the impact of financial reductions upon London boroughs;
- Support councils seeking to drive savings and efficiency;
- Engage with the Local Government Finance Bill in order to position London effectively for future financing regimes.

Securing devolution and localism: We will:

- Utilise the localism agenda and the Localism Act to develop and prioritise London Boroughs success in supporting London's diverse communities;
- Continue to highlight the strong London argument for boroughs to be at the heart of commissioning a broader range of integrated local public services;
- Support London local government in its work to turn this into practice on the ground by providing shared learning and approaches and developing London frameworks that allow this devolution to take place at local level.

Supporting London Delivery: We will:

- Provide a defined range of direct services to Londoners and London organisations directly on the collective behalf of boroughs;
- Support London local government's collective efforts to enhance the effectiveness of public services across the capital;
- Act as a focal point for brokerage and co-ordination between different London public services, the GLA group and boroughs on key delivery issues;
- Work with key political, professional and managerial groupings across London local government to help strengthen the capacity of our membership to deliver high quality and cost effective services;
- In the lead up to and operation of the 2012 Games, we will:

  - Support C3 operations and interface with boroughs and members;
  - Support boroughs over continued delivery of city operations;
  - Cooperate with other stakeholders on media and communications issues;
  - Press for the maximum legacy benefits from the games;
  - Ensure London Councils' own operations continue during Games Time.

REVIEW OF THE YEAR (continued)

Organisational Change: In the context of significant organisational changes in the last two years, we will focus on:

- Managing our resources and asset base effectively to sustain the value for money improvements delivered to member authorities in the past two years;
- Equipping ourselves with the skills, knowledge and competences required to support London local government in this critical period;
- Continuing our drive to manage and deploy our resources flexibly in order to achieve maximum benefit for our member authorities;
- Driving down the overhead costs of our direct services;
- Creating an environment in which we attract and challenge people to deliver excellent performance.

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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 Statement of Accounts which consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 11);
- Consolidated Movement in Reserves Statement (pages 22 - 23);
- Consolidated Comprehensive Income and Expenditure Statement (page 24);
- Consolidated Balance Sheet (page 25);
- Consolidated Cash Flow Statement (page 26); and
- Notes to the Consolidated Accounts (pages 27 – 51)

Revenue expenditure

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

	Revised Budget £000	Actual £000	Variation £000
Expenditure	85,338	81,039	(4,299)
Income	(79,222)	(79,112)	110
Provision for Bad Debts	-	(28)	(28)
Deficit/(Surplus) for the year	6,116	1,899	(4,217)
Transfer from Reserves	(6,116)	(5,000)	1,116
Net Surplus for the year (including transfers from reserves)	-	(3,101)	(3,101)

The net transfer from reserves of £6.116 million incorporated within the 2011/12 budget consists of a transfer of £5.938 million from the General Reserve and a transfer of £178,000 from the Specific Reserve. The actual transfers during the year also consisted of £1 million to the Specific Reserve, £7,000 to the Pension Reserve and £109,000 to the Accumulated Absences Reserve.

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £3.101 million is split over the three funding streams as follows:-

	Grants Committee £000	Transport, and Environment Committee £000	Joint Committee £000	Total £000
Total Expenditure	20,333	48,565	12,141	81,039
Total Income	(18,085)	(48,849)	(12,178)	(79,112)
Provision for Bad Debts	(13)	(46)	31	(28)
Deficit/(Surplus) for the year	2,235	(330)	(6)	1,899
Transfer to/ (from) Reserves	(2,653)	(110)	(2,237)	(5,000)
Net Surplus	**(418)**	**(440)**	**(2,243)**	**(3,101)**

TEC and the GC are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 30 and Appendices A and B on pages 52 and 53).

Grants Committee

The surplus of 418,000 is attributable to a surplus of £581,000 in relation to London Councils main grants programme and a deficit of £163,000 in the ESF match funded grants programme.

The surplus of £581,000 on the main grants programme is attributable to:

- an underspend of £423,000 in relation to grant expenditure attributable to a projected underspend £377,000 for the 2011/12 period, split between continuing A* priority commissions of £147,000 and terminated ABC priority commissions of £230,000. This is offset by the decision of Grants Committee to reinstate the payments made to the Children's Society to cover the organisation until the current commission expires, which will cost an additional £54,000 in the current year (and £50,000 in 2012/13), to leave a net underspend of £323,000. This underspend figure relates to commissions not fully utilising grants, commissions terminated on 15 August 2011 that failed to submit final returns and organisations that have gone into administration. The remainder of the surplus of £100,000 is made up of underspends relating to liabilities set up for the 2010/11 period where commissions have not fully utilised their grant; and

- an underspend of £158,000 in relation to non grant expenditure attributable to underspends of £50,000 in respect of legal and consultants costs associated with the Judicial Review into the decision to reduce London Councils grants programme, £33,000 in respect of an over estimated accrual for employee termination costs in 2010/11, £15,000 in respect of salary costs, £13,000 in respect of the research budget, £13,000 in respect of the reduction of the bad debt provision, £12,000 in respect of staff training and a residual variance of £22,000.

The deficit of £163,000 on the ESF matched funding programme is mainly attributable to timing differences between the recognition of payments in the accounts and the funding received from borough subscriptions, which is recognised in the accounts in the year in which it is paid by boroughs, rather than when it is actually matched to expenditure. ESF grant income, on the other hand, is matched to expenditure when the expenditure is incurred.

Transport and Environment Committee

A surplus on revenue activities of £330,000 has been posted for 2011/12 which, after a net transfer of £110,000 from reserves has led to an overall surplus after net transfers to reserves of £440,000. The surplus is mainly attributable to:

- an underspend of £961,000 on the Freedom Pass survey and reissue costs where the budget of £1.076 million was augmented by the DfT grant funds of £798,000 carried forward from the 2010 pass issue exercise giving £1.874 million in total. The net expenditure for the year was £913,000 leaving an underspend of £961,000. The Committee reaffirmed its agreement in February 2012 to transfer £1 million to a specific reserve to meet the costs of the 2015 pass issue process resulting in a net overspend position of £39,000.

- an underspend of £351,000 in respect of parking and traffic appeals due to measures introduced by the Chief Parking Adjudicator which have improved the throughput of appeals;

- an overspend of £317,000 in respect of Freedom Pass payments to non-TfL bus services where the claims made by the independent bus operators for 2011/12 have exceeded the budget of £1.7 million by £149,000. There were also additional payments of £168,000 relating to 2009/10 and 2010/11 which has also contributed to the overspend of £317,000;

- an underspend of £205,000 in respect of the London Lorry Control Scheme due to a combination of staff vacancies and additional income;

- a net underachievement of £124,000 in respect of income from other traded parking services due to a reduced use of the TRACE system by boroughs and the DVLA;

- an underspend of £112,000 in respect of the non-operational staffing costs due to a combination of staff vacancies of £99,000 and overestimated redundancy and severance payments of £13,000;

- an underspend of £98,000 in respect of the research budget;

- an underspend in respect of running costs/central recharges due to underspends on staff training and recruitment advertising (£22,000), central recharges, finance SLA and audit charges (£19,000) and contingency budgets (£48,000); and

- residual variances of £65,000.

Joint Committee

A surplus on revenue activities of £6,000 has been posted for 2011/12 which, after transferring £2.237 million from reserves has led to an overall surplus after net transfers to reserves of £2.243 million. The surplus is mainly attributable to:

- an underspend of £582,000 in respect of the activities of YPES during 2011/12 due to a balance of £195,000 brought forward from 2010/11 which remained unspent and an underspend of £387,000 of the borough contributions towards the regional activities for 2011/12;

- an overachievement of £563,000 in respect of income from central recharges which reflects employee and running costs recharged to TEC and GC and externally funded projects and tenants;

- an underspend of £359,000 in respect of research and commissioning which reflects the balance of demand for research and policy development between products best produced by London Councils and those that are better outsourced. As part of the budget reduction process a more rigorous approach has been applied both to commissioning of outside work and also to assessing whether research can be effectively conducted in-house. The combined effect of specific demands for research and new approaches to commissioning during 2011/2012 has moved the balance of demand towards in-house production;

EXPLANATORY FOREWARD TO THE STATEMENT OF ACCOUNTS (continued)

- an overachievement of £127,000 in respect of investment income due to a better than expected return on the investment of London Councils cash balances by the City of London in the money markets;
- an underspend of £103,000 in respect of premises depreciation due to slippage on the Southwark Street office refurbishment project;
- an underspend of £102,000 in respect of reduced rent under the terms of the new lease agreement for the Southwark Street office;
- an underspend of £95,000 in respect of staff training and recruitment costs due to staff reductions and low staff turnover;
- an underspend of £112,000 in respect of balances brought forward from 2010/11 for the Housing Director's Fund (£79,000) and the Care Placements system development £33,000); and
- residual variances of £200,000.

Budget for 2012/13

On 13 December 2011, the Leaders' Committee approved a total expenditure budget for 2012/13 of £86.252 million, exclusive of the borough payment of £294.555 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £387,000 were also estimated to be £86.252 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 arrangement 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;
- 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 Committee's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 ("the Code").

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

- selected suitable accounting policies and then applied them consistently;
- made adjustments and estimates that were reasonable and prudent; and
- complied with the Code.

The Director of Corporate Resources has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Finance Officer's Certificate

The Statement of Accounts has been prepared under the Audit Commission Act 1998.

I certify that it presents fairly the financial position of the Committee at 31 March 2012, and its income and expenditure for the year then ended.

F. J. Smith

F Smith CPFA
Director of Corporate Resources

20 September 2012

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 20 September 2012, the accounts were approved on behalf of the Committee.

Cllr Ian Bond
Chair of London Councils' Audit Committee

20 September 2012

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

London Councils (the Committee) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from the Director of Corporate Resources at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011.

The purpose of the governance framework

The governance framework comprises the systems and processes and culture and values, by which the Committee is directed and controlled and its 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 and 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 2012 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:

- **Identifying and communicating the Committee's vision of its purpose** – the Committee produces an annual Corporate Business Plan which sets out the organisation's priorities for the year. All the relevant stakeholders such as London Councils officers and the Executive contribute to the development of the priorities that are included in the Corporate Business Plan. The Corporate Business Plan is approved by the Leaders' Committee. The Committee organises an annual conference called the London Summit which is an opportunity to engage with a significant number of local government decision-makers.

- **Reviewing the Committee's vision** - the Committee produces an Annual Review at the end of each financial year. The review provides a summary of the key activities over the last year and highlights the key achievements.

- **Measuring the quality of services** - Each Corporate Director at London Councils has a monthly update discussion with the Chief Executive at their 1:1 meetings. Data collected during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and TEC 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 provision of an ever improving high quality service to member authorities and to the people of the Greater London area.

- **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 separate scheme of delegation in place which was reviewed and approved by the Leaders' Committee at their Annual General Meeting on 14 June 2011. There is an established protocol which provides guidance on the working relationships between elected members and officers. London Councils complies with the five principles included within the CIPFA statement entitled The Role of the Chief Financial Officer in Public Services. Additional information on the roles and responsibilities of London Councils Executive, Leaders, Grants and TEC Committees are documented in their individual Terms of Reference. All London Councils officers are issued with a job description which confirms their duties within the organisation. Minutes of Committee meetings are posted on London Councils internet site and provide an official record of decisions made.

- **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, specifically mentioning financial regulations and the code of conduct. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. The staff handbook is also included in the induction training of all new staff joining London Councils.

- **Reviewing and updating standing orders and financial instructions** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed in June 2011 and the changes were approved by Leaders' Committee. The financial regulations were reviewed and the changes approved by the Executive in February 2009.

- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and updated in 2011/12 and approved by the Audit Committee in March 2012. London Councils Corporate Risk Register is 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 2011. 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. An internal audit review of London Councils risk management arrangements was carried out during 2011/12. The review established that risk management is an embedded governance control and there were no recommended improvements to the arrangements.

- **Audit Committee** – London Councils' Audit Committee was established in March 2006 and has its own comprehensive Terms of Reference. The Terms of Reference were reviewed by the Audit Committee on 24 September 2010. The Audit Committee meets three times a year. During 2011/12 the Audit Committee was chaired by a Leader who is not part of London Councils Executive.

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies, 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.

ANNUAL GOVERNANCE STATEMENT (continued)

- **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.

- **Identifying the development needs of members and officers** – London Councils has a training and development policy which is available to all staff on the intranet. The aim of the policy 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. Elected members are provided with a welcome pack on joining London Councils which complements the training they receive from their respective boroughs.

- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its vision and strategies. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils arranges a number of conferences and seminars that also provide opportunities for stakeholder engagement. 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 internet site www.londoncouncils.gov.uk.

- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is completed for each new partnership or project.

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 under a Service Level Agreement, and the annual opinion of the Chief Internal Auditor 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 the 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 Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice.

- The Audit Committee's review of the governance arrangements in place during 2011/12.

- 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 2012/13

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2012/13:

ANNUAL GOVERNANCE STATEMENT (continued)

Grants

An internal audit review on London Councils' Grants Scheme was carried out during 2011/12. The review assessed the adequacy of controls surrounding the appraisal of grant applications, payments to recipients, project monitoring and retention of supporting documentation. The outcome of the review included a recommendation to ensure that visits to grant recipients official premises are carried out annually until the end of the grant funding agreements. This recommendation will be implemented in 2012/13.

Information Security

A review of the Committee's information security was undertaken during 2009/10 by the Internal Audit Team. The main areas of development recommended by the review relate to seeking assurances on the adequacy of information security of partners/contractors, the classification of information held by the Committee, the transfer of data to and from partners/contractors, enhancing ICT security arrangements and the introduction of an information management policy. The delivery of London Councils' ICT function was transferred to the City of London in August 2011. As a result there have been significant changes to the operation of the ICT function which has affected key positions referred to in draft policy documents as well as security arrangements. Whilst good progress had been made towards implementing the recommendations of the original review, it is necessary to review these recommendations and draft policy again in the context of the new arrangements. A review of the strategy, security and operations of the ICT function will be carried out in 2012/13 and any additional recommendations identified during this review will be considered for implementation.

Parking and Traffic

A follow up review of the Parking and Traffic Division was carried out during 2011/12. The original review examined the controls in place to ensure that all charges are accurately identified and recharged to the relevant organisation, that payments to the main contractor and Parking Adjudicators are accurate and reflect services provided and the adequacy of procedures and systems for monitoring performance. The follow up review revealed that some of the recommendations had not been implemented due to prohibitive implementation costs. There are still some improvements to be made on operational procedure notes that will be implemented during 2012/13.

Operational Expenditure

A follow up review of London Councils operational expenditure was carried out in 2011/12. The objectives of the original review were to obtain reasonable assurance that operational expenditure is subject to appropriate authorisation, payments are made to bona fide suppliers and adequate budgetary controls exist to manage organisational resources effectively. The follow up review revealed that there could still be improvements to the frequency of presenting financial forecast reports to the Grants Committee. This recommendation was implemented in 2011/12 as the quarter two and three forecast reports were presented to the Committee within a reasonable time. The format and frequency of the financial forecast reporting cycle for the Grants Committee is now consistent with that of other Committees.

Taxicard Scheme

A follow up review of London Councils' Taxicard Scheme was completed in 2011/12. The original audit reviewed the management arrangements for the scheme as well as establishing and examining arrangements in place to monitor the contract held with Computer Cab. The follow up review revealed that there had been a delay in implementing a recommendation regarding the regular updating of procedure manuals. The implementation had been delayed due to the procurement and outsourcing of elements of the scheme. It was agreed that the procedural guidance will be updated by September 2012 once new working practices have had time to embed.

ANNUAL GOVERNANCE STATEMENT (continued)

Income

An internal audit review of London Councils' Income was carried out during 2011/12. The audit reviewed the adequacy of controls in relation to the identification, collection, recording and reconciliation of income in accordance with London Councils' Financial Regulations. It established that an adequate control framework is in place but there were some areas of development identified. These areas included the allocation of income, management of arrears, review of information entered on the financial accounting systems and revision to financial procedures to emphasize the need to achieve full cost recovery when setting charges. These recommendations will be implemented in 2012/13.

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.

X
John O'Brien John O'Brien 20 September 2012
Chief Executive

X
Mayor Jules Pipe 20 September 2012
Chair of London Councils

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON COUNCILS JOINT COMMITTEE

We have audited the statement of accounts of London Councils Joint Committee for the year ended 31 March 2012 which comprises the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet as at the end of the period, the Cash Flow Statement, the accounting policies and the related notes. The financial reporting framework that has been applied in its preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 supported by the CIPFA Service Reporting Code of Practice 2011/12.

Respective responsibilities of the Chief Financial Officer and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the Chief Financial Officer is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the CIPFA Service Reporting Code of Practice 2011/12. Our responsibility is to audit and express an opinion on the statement of accounts in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for London Councils Joint Committee members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the statement of accounts

An audit involves obtaining evidence about the amounts and disclosures in the statement of accounts sufficient to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the London Councils Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the London Council Joint Committee; and the overall presentation of the statement of accounts. In addition, we read all the financial and non-financial information in the explanatory foreword and the Review of the Year to identify material inconsistencies with the audited statement of accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on statement of accounts

In our opinion the statement of accounts:

- gives a true and fair view, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the CIPFA Service Reporting Code of Practice 2011/12, of the state of the London Councils Joint Committee's affairs as at 31 March 2012 and of the London Councils Joint Committee's income and expenditure and cash flows for the year then ended; and

- has been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the CIPFA Service Reporting Code of Practice 2011/12.

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

Opinion on other matter

In our opinion, the information given in the explanatory foreword and the content of the Review of the Year for the financial year for which the statement of accounts is prepared is consistent with the statement of accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the Annual Governance Statement on which the Code of Audit Practice issued by the Audit Commission requires us to report to you if, in our opinion, the Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Philip Cliftlands
For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
London

26 September 2012

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

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the London Councils Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us from being satisfied that London Councils Joint Committee has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the guidance issued by the Audit Commission in October 2011, we have considered the results of the following:

- our review of the annual governance statement; and
- our locally determined risk-based work on London Councils Joint Committee's arrangements for securing economy, efficiency and effectiveness.

As a result we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the accounts of London Councils Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Philip Cliftlands

Philip Cliftlands
For and on behalf of PricewaterhouseCoopers LLP
Appointed auditors
London

26 September 2012

Notes:

(a) The maintenance and integrity of the London Councils website is the responsibility of the authority; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the statement of accounts since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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.

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April 2011	**9,780**	**178**	**9,958**	**(6,524)**	**3,434**
Deficit on the provision of services	(1,899)	-	(1,899)	-	(1,899)
Other Comprehensive Income and Expenditure (note 8)	-	-	-	(9,833)	(9,833)
Total Comprehensive Income and Expenditure	**(1,899)**	**-**	**(1,899)**	**(9,833)**	**(11,732)**
Adjustments between accounting basis and funding basis under regulations (note 5)	(116)	-	(116)	116	-
Net Decrease before Transfers to Earmarked Reserves	**(2,015)**	**-**	**(2,015)**	**(9,717)**	**(11,732)**
Transfers from/to reserves (note 6)	(822)	822	-	-	-
Decrease/Increase in 2011/12	**(2,837)**	**822**	**(2,015)**	**(9,717)**	**(11,732)**
Balance at 31 March 2012	**6,943**	**1,000**	**7,943**	**(16,241)**	**(8,298)**

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	General Reserve £000	Specific Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April 2010 (Restated)	**11,390**	**6,627**	**18,017**	**(17,668)**	**349**
Deficit on the provision of services	(5,509)	-	(5,509)	-	(5,509)
Other Comprehensive Income and Expenditure (note 8)	-	-	-	8,594	8,594
Total Comprehensive Income and Expenditure	**(5,509)**	**-**	**(5,509)**	**8,594**	**3,085**
Adjustments between accounting basis and funding basis under regulations (note 5)	(2,550)	-	(2,550)	2,550	-
Net Decrease/Increase before Transfers to Earmarked Reserves	**(8,059)**	**-**	**(8,059)**	**11,144**	**3,085**
Transfers to/from reserves (note 6)	6,449	(6,449)	-	-	-
Decrease/Increase in 2010/11	**(1,610)**	**(6,449)**	**(8,059)**	**11,144**	**3,085**
Balance at 31 March 2011	**9,780**	**178**	**9,958**	**(6,524)**	**3,434**

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Notes	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net £000	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	20,333	(18,101)	2,232	29,108	(28,356)	752
London Councils Transport and Environment Committee	Appx B	48,565	(48,864)	(299)	69,212	(61,760)	7,452
London Councils Joint Committee	Appx C	12,172	(12,036)	136	23,639	(26,754)	(3,115)
Inter Committee Transfers	30	(1,980)	1,980	-	-	-	-
Net Revenue Cost of Services		**79,090**	**(77,021)**	**2,069**	**121,959**	**(116,870)**	**5,089**
Financing and investment income and expenditure	7			(170)			420
Deficit on Provision of Services				**1,899**			**5,509**
Actuarial losses/(gains) on pension assets/liabilities	8			9,833			(8,594)
Other Comprehensive Income and Expenditure				**9,833**			**(8,594)**
Total Comprehensive Income and Expenditure				**11,732**			**(3,085)**

F. J Smith

F Smith CPFA
Director of Corporate Resources

20 September 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

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 2012	31 March 2011
		£000	**£000**
Property, Plant and Equipment	9	778	1,067
Long Term Assets		**778**	**1,067**
Short Term Debtors	10	6,139	8,059
Cash and Cash Equivalent	11	10,602	11,620
Current Assets		**16,741**	**19,679**
Short Term Borrowing	12	(229)	(219)
Short Term Creditors	13	(9,197)	(10,448)
Provisions	14	(20)	-
Current Liabilities		**(9,446)**	**(10,667)**
Provisions	14	(171)	(42)
Long Term Borrowing	12	(105)	(334)
Other Long Term Liabilities	8	(16,095)	(6,269)
Long Term Liabilities		**(16,371)**	**(6,645)**
Nets (Liabilities)/Assets		**(8,298)**	**3,434**
Usable Reserves	15	7,943	9,958
Unusable Reserves	16	(16,241)	(6,524)
Total Reserves		**(8,298)**	**3,434**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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.

	2011/12 £000	2010/11 £000
Net deficit on the provision of services	(1,899)	(5,509)
Adjustments to net deficit on the provision of services for non-cash movements	1,172	(2,197)
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(114)	(259)
Net cash flows from Operating Activities (note 17)	**(841)**	**(7,965)**
Investing Activities (note 18)	42	250
Financing Activities (note 19)	(219)	(196)
Net decrease in cash and cash equivalents	**(1,018)**	**(7,911)**
Cash and cash equivalents at 1 April	**11,620**	**19,531**
Cash and cash equivalents at 31 March	**10,602**	**11,620**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting Policies

a General Principles

The Statement of Accounts summarises the Committee's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require it to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the common needs of users;
- The objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted into them;
- The following underlying assumptions;
    - Accruals basis; and
    - Going concern basis.
- The following qualitative characteristics;
    - Understandability;
    - Relevance;
    - Materiality;
    - Reliability;
    - Comparability.

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

The accounting policies have been consistently applied.

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 the sale of goods is recognised when the Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- Revenue from the provision of services is recognised when the Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Committee;
- 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. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant;

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

1. Accounting Policies (continued)

- 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.

c Allocation of Income

Income, where possible, has been apportioned to expenditure in accordance with the levies and charges due from boroughs in respect of specific service areas. Income that is not directly attributable to a particular service is apportioned to other expenditure categories based on budgeted expenditure for the year.

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.

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

1. Accounting Policies (continued)

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.

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 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 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 4.6%.

- 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;
  - Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years;
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid;
  - Expected return on assets – the annual investment return on the assets attributable to the Committee, based on an average of the expected long-term return;

1. Accounting Policies (continued)

- Gains or losses on settlements and curtailments – the result of actions to relieve the Committee of liabilities or events that reduce the expected future service or accrual of benefits of employees;

- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

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 cashflows 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 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.

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.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

1. Accounting Policies (continued)

Currently the Committee has no borrowings as such, but has identified a number of contractual arrangements that contain finance leases in respect of equipment.

Financial Assets

Financial Assets are receivables that have fixed or determinable payments but are not quoted in an active market.

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 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.

k Interest Income

Interest 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 activities of London Councils Grants Committee and London Councils Transport and Environment Committee have also been consolidated into these group accounts. The activities of these sub-committees and the main Joint Committee are detailed in appendices A to C.

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

1. Accounting Policies (continued)

m Inventory and Work in Progress

Inventories are included in the Balance Sheet at the lower cost and net realisable value.

Work in progress is accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

n 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.

o Overheads

Central overhead costs incurred are apportioned to the Grants and TEC funding streams as follows:

- Salary Costs - in accordance with the budgetary provision set aside for such costs in the funding stream budget for the years of account; and

- Non-salary costs - where expenditure has been identified as directly attributable to a particular funding stream, it has been allocated in full to that funding stream. Where such costs are not directly attributable, they have been allocated in accordance with the number of desk spaces used by the funding streams.

p 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 expenses when it is incurred.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (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 lower of 10 years or 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.

q 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.

Provision 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 external works in connection with property leases are built up over the life of the lease on a straight line basis.

r 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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

1. Accounting Policies (continued)

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.

s 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. Critical Judgments in Applying Accounting Policies

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.

3. 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 only item in the Committee's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year is the estimation of the net pension liability.

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 LLP, an independent firm of qualified actuaries, is engaged by the LPFA to provide the Committee with expert advice about the assumptions applied.

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 £1.49 million. However, the assumptions interact in complex ways. During 2011/12, Barnett Waddingham LLP advised that the net pensions liability had increased by £1.858 million as a result of estimates being corrected as a result of experience.

4. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 20 September 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Committee to meet future capital and revenue expenditure.

Adjustments for the year ended 31 March 2012:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 8)	(7)	7
Adjustments primarily involving the Accumulated Absences Reserve:		
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	(109)	109
Total Adjustments	**(116)**	**116**

Adjustments for the year ended 31 March 2011:

	General Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 8)	(2,591)	2,591
Adjustments primarily involving the Accumulated Absences Reserve:		
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	41	(41)
Total Adjustments	**(2,550)**	**2,550**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

6. Transfers to/from Reserves

Transfers to and from the Specific Reserves during the year ended 31 March 2012.

	Balance at 1 April 2011 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2012 £000
Transport Operators Increase Fares Reserve (TOFIR) (note a)	178	(178)	-	-
2015 Freedom Pass Re-issue Reserve (note b)	-	-	1,000	1,000
Total	**178**	**(178)**	**1,000**	**1,000**

	Balance at 1 April 2010 £000	Transfer out £000	Transfer In £000	Balance at 31 March 2011 £000
Transport Operators Increase Fares Reserve (TOFIR) (note a)	6,627	(6,449)	-	178
Total	**6,627**	**(6,449)**	**-**	**178**

a. The Transport Operators Fares Increase Reserve was established by the Transport and Environment Committee during 1999/2000 to offset the likely above inflation increase expected to arise out of future Concessionary Fares negotiations. This reserve will be used solely to offset the liability of boroughs to any future increases from transport operators in respect of the Concessionary Fares Scheme. The balance on the reserve will be utilised to offset the cost of future years settlements and can be increased by further contribution identified by the Committee.

b. The 2015 Freedom Pass Re-issue Reserve was established by the Committee on 15 December 2011 to accumulate funds to meet the cost of the next Freedom Pass reissue exercise in 2015.

7. Financing and Investment Income and Expenditure

	2011/12 £000	2010/11 £000
Interest Payable	74	113
Interest and Investment Income	(188)	(372)
Net (Return)/Loss on Pension Scheme Assets/Liabilities (see note 8)	(56)	679
Total	**(170)**	**420**

8. Pensions

Employees of London Councils may participate in the London Pensions Fund Authority (LPFA) Pension Fund, part of the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme. The Fund is administered by LPFA in accordance with the LGPS Regulations 1997, as amended.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

8. Pensions (continued)

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.

The scheme is a fully funded defined benefit scheme and employees are eligible to contribute to the scheme at a rate that ranges between 5.5% to 7.5% depending on the level of pensionable pay. In accordance with statutory regulations, a triennial valuation of the Pension Fund as at 31 March 2010 was completed by the Fund's actuary Barnett Waddingham LLP, with the next formal valuation due as at 31 March 2013. The certified employer's contribution rate expressed as a percentage of pensionable pay for London Councils for the period 1 April 2011 to 31 March 2014 is 15.9%.

In 2011/12, the total employer's contribution to the Fund amounted to approximately £879,000 which equates to 11.3% of the employees pensionable pay. In 2010/11, the comparable figures were 11.2% of pensionable pay amounting to £1.183 million.

The replacement of employer's contributions by the current service cost has resulted in an increase in the net cost of services of £49,000 and the inclusion of a £56,000 gain relating to the net return on pension scheme assets and liabilities for 2011/12. A transfer of £7,000 has been made to the pensions reserve in 2011/12, resulting in an unchanged surplus in accordance with the method for accounting for pension costs under the Code of Practice.

The LPFA, as administering authority to the LPFA Pension Fund provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2010 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 2010 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 2012 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 principal actuarial assumptions used for the purposes of the net pension liability calculations as at 31 March 2012 are as follows:

The financial assumptions as at 31 March 2012:

Assumptions as at:	**31 March 2012 (% per annum)**	**31 March 2011 (% per annum)**
RPI Increases	3.3%	3.5%
CPI Increases	2.5%	2.7%
Salary Increases	4.2%	4.5%
Pension Increases	2.5%	2.7%
Discount Rate	4.6%	5.5%

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

8. Pensions (continued)

The breakdown of the expected return on assets by category:

	31 March 2012 (% per annum)	31 March 2011 (% per annum)
Equities	6.3%	7.4%
Target Return Funds	4.5%	4.5%
Alternative Assets	5.3%	6.4%
Cash	3.0%	3.0%
Other Bonds	0.0%	5.5%

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2011 for the year ended 31 March 2012). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

Mortality rates:

	31 March 2012	31 March 2011
Retiring today:		
Males	21.8	21.7
Females	24.0	23.9
Retiring in 20 years:		
Males	23.8	23.7
Females	25.9	25.8

Commutation:

The following assumptions have been made:

- Members will exchange half of their commutable pension for cash at retirement; and
- Active members will retire one year later than they are first able to do so without reduction.

The fair value of the pension scheme assets attributable to the Joint Committee at 31 March 2012:

	At 31 March 2012		At 31 March 2011	
	£000	%	£000	%
Equities	24,111	73%	22,002	69%
Target Return Funds	3,963	12%	3,826	12%
Alternative Assets	4,624	14%	4,464	14%
Cash	330	1%	957	3%
Other Bonds	-	0%	638	2%
	33,028	100%	31,887	100%

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

8. Pensions (continued)

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 2012 is as follows:

	At 31 March 2012 £000	At 31 March 2011 £000
Fair Value of Employer Assets	33,028	31,887
Present Value of Scheme Liabilities	(49,051)	(38,090)
Net Under/Over Funding in Funded Plans	(16,023)	(6,203)
Present Value of Unfunded Liabilities	(72)	(66)
Net Pension Liability	**(16,095)**	**(6,269)**

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2012 is as follows:

	At 31 March 2012 £000	At 31 March 2011 £000
Current Service Cost	949	2,030
Interest Cost	2,121	2,630
Expected Return on Employer Assets	(2,177)	(1,951)
Past Service Cost	-	(4,221)
Losses on Curtailments and Settlements	388	116
Total	**1,281**	**(1,396)**
Actual Return on Plan Assets	**321**	**2,043**

The reconciliation of the Defined Benefit Obligation at 31 March 2012 is as follows:

	At 31 March 2012 £000	At 31 March 2011 £000
Opening Defined Benefit Obligation	**(38,156)**	**(45,021)**
Current Service Cost	(949)	(2,030)
Interest Cost	(2,121)	(2,630)
Contributions by Members	(390)	(535)
Actuarial (Losses)/Gains	(7,977)	8,613
Past Service Costs	-	4,221
Losses on Curtailments	(416)	(116)
Liabilities Assumed in a Business Combination	(50)	-
Estimated Unfunded Benefits Paid	4	4
Estimated Benefits Paid	932	(662)
Closing Defined Benefit Obligation	**(49,123)**	**(38,156)**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

8. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2012 is as follows:

	At 31 March 2012 £000	At 31 March 2011 £000
Opening Fair Value of Employer's Assets	**31,887**	**27,567**
Expected Return on Assets	2,177	1,951
Contributions by Members	390	535
Contributions by the Employer	1,288	1,195
Actuarial Losses	(1,856)	(19)
Estimated Benefits Paid and Unfunded Benefits	(936)	658
Receipt of Bulk Transfers	78	-
Closing Fair Value of Employer's Assets	**33,028**	**31,887**

The reconciliation of opening and closing surpluses at 31 March 2012 is as follows:

	At 31 March 2012 £000	At 31 March 2011 £000
Deficit at the beginning of the year	**(6,269)**	**(17,454)**
Current Service Costs	(949)	(2,030)
Employer Contributions	1,284	1,191
Unfunded Pension Payments	4	4
Past Service Costs	-	4,221
Other Finance Income	56	(679)
Settlements or Curtailments	(388)	(116)
Actuarial (Losses)/Gains	(9,833)	8,594
Deficit at the end of the year	**(16,095)**	**(6,269)**

The analysis of amounts recognised in the current and previous accounting periods:

	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000
Fair Value of Employer Assets	33,028	31,887	27,567	18,519	22,045
Present Value of Defined Benefit Obligations	(49,123)	(38,156)	(45,021)	(25,093)	(25,408)
(Deficit)	**(16,095)**	**(6,269)**	**(17,454)**	**(6,574)**	**(3,363)**
Experience Gains / (Losses) on Assets	(1,856)	(19)	4,361	(7,171)	1,154
Percentage of Assets	(5.6%)	(0.06%)	15.8%	(38.7%)	5.2%
Experience Gains / (Losses) on Liabilities	(2)	4,831	9	1,860	(1,566)
Percentage of Liabilities	0.0%	12.7%	0.0%	7.4%	(6.2%)
Cumulative Actuarial Loss	**(18,072)**	**(8,239)**	**(16,833)**	**(3,877)**	**(658)**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

8. Pensions (continued)

The analysis of amounts recognised in the Other Comprehensive Income and Expenditure in 2011/12:

	2011/12 £000	2010/11 £000
Actual Return less Expected Return on Pension Scheme Assets	(1,856)	92
Experience (Loss)/Gain	(2)	4,720
Changes in Assumptions Underlying the Present Value of Scheme Liabilities	(7,975)	3,782
Actuarial (Loss)/Gain	**(9,833)**	**8,594**
Increase / (Decrease) in irrecoverable surplus	-	-
Actuarial (Loss)/Gain Recognised in Other Comprehensive Income and Expenditure	**(9,833)**	**8,594**

The analysis of the projected amount to be charged to the Comprehensive Income and Expenditure Account for the year to 31 March 2013:

	31 March 2013 £000
Projected Current Service Costs	1,242
Interest on Obligation	2,276
Expected Return on Plan Assets	(1,974)
Total	**1,544**
Employer's Contribution	865

9. Property, Plant and Equipment

Movements in 2011/12:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2011	**1,879**	**1,460**	**3,339**
Additions	-	72	72
Disposals	(44)	-	(44)
At 31 March 2012	**1,835**	**1,532**	**3,367**
Accumulated Depreciation			
At 1 April 2011	**1,297**	**975**	**2,272**
Charge for the year	240	121	361
Charge relating to Disposals	(44)	-	(44)
At 31 March 2012	**1,493**	**1,096**	**2,589**
(I)			
et Book Value			
At 31 March 2012	342	436	778
At 31 March 2011	582	485	1,067

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

9. Property, Plant and Equipment (continued)

Comparative movements in 2010/11:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2010	1,870	1,460	3,330
Additions	9	-	9
Disposals	-	-	-
At 31 March 2011	1,879	1,460	3,339
Accumulated Depreciation			
At 1 April 2010	1,022	711	1,733
Charge for the year	275	264	539
Charge relating to Disposals	-	-	-
At 31 March 2011	1,297	975	2,272
(ii) et Book Value			
At 31 March 2011	582	485	1,067
At 31 March 2010	848	749	1,597

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

10. Short Term Debtors

	31 March 2012 £000	31 March 2011 £000
Central government bodies	821	711
Other local authorities	3,274	3,848
NHS bodies	1	16
Public corporations and trading funds	1,335	1,468
Other entities and individuals	708	2,016
Total	**6,139**	**8,059**

There has been a bad debt provision of £153,000 (2010/11: £181,000) applied to the debtor balances.

11. Cash and Cash Equivalents

	31 March 2012 £000	31 March 2011 £000
Cash held by the Committee	1,786	1,122
Cash balances held by the City of London	8,816	10,498
Total	**10,602**	**11,620**

12 Leases

Finance leases

The Short and Long Term borrowing included in the Balance Sheet comprise solely of obligations under finance leases. The Committee has acquired a number of photocopiers and a telecommunication system under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2012 £000	31 March 2011 £000
Furniture and Equipment	267	463

The Committee is committed to making minimum payments under these leases comprising of the settlement of the long-term liability for the interest in the assets acquired by the Committee and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2012 £000	31 March 2011 £000
Finance lease liabilities (net present value of minimum lease payments):		
• Current	229	219
• Long-term	105	334
Finance costs payable in future years	35	109
Minimum Lease Payments	**369**	**662**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2012 £000	31 March 2011 £000	31 March 2012 £000	31 March 2011 £000
Not later than one year	262	293	(229)	219
Later than one year and not later than five years	107	369	(105)	334
Later than five years	-	-	-	-
Total	**369**	**662**	**(334)**	**553**

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £803,000 (2010/11: £1,130,631).

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

	31 March 2012 £000	31 March 2011 £000
Not later than one year	803	847
Later than one year and not later than five years	2,660	3,108
Later than five years	2,108	2,854
Total	**5,571**	**6,809**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

13 Short Term Creditors

	31 March 2012	31 March 2011
	£000	£000
Central government bodies	128	536
Other local authorities	2,623	2,638
Public corporations and trading funds	1,144	1,695
Other entities and individuals	5,302	5,579
Total	**9,197**	**10,448**

14 Provisions

	Property Lease Provisions
	£000
Balance at 1 April 2011	**42**
Additional Provisions made in 2011/12	149
Amounts used in 2011/12	-
Unused amounts reversed in 2011/12	-
Balance at 31 March 2012	**191**

The Committee has established a provision for its contractual obligations included within its property leases. The lease for Angel Square requires dilapidation work to be carried out at the end of the term in March 2015. The lease for Southwark Street requires external decoration works to be carried out in March 2016 and dilapidation works to be carried out in March 2021. Both leases require internal decoration work to be done in 2012 and 2016 respectively.

15. Usable Reserves

	31 March 2012	31 March 2011
	£000	£000
General Reserve	6,943	9,780
Specific Reserve	1,000	178
Total	**7,943**	**9,958**

16. Unusable Reserves

	31 March 2012	31 March 2011
	£000	£000
Pensions Reserve	(16,095)	(6,269)
Accumulated Absences Reserve	(146)	(255)
Total	**(16,241)**	**(6,524)**

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

16. Unusable Reserves (continued)

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.

	2011/12 £000	2010/11 £000
Balance at 1 April	**(6,269)**	**(17,454)**
Actuarial gains or losses on pension assets and liabilities	(9833)	8,594
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	(1,281)	1,396
Employer's pensions contribution and direct payments to pensioners payable in the year	1,288	1,195
Balance at 31 March	**(16,095)**	**(6,269)**

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.

	2011/12 £000	£000	2010/11 £000	£000
Balance at 1 April		**(255)**		**(214)**
Settlement or cancellation of accrual made at the end of the preceding year	255		214	
Amounts accrued at the end of the current year	(146)		(255)	
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		109		(41)
Balance at 31 March		**(146)**		**(255)**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

17. Cash Flow Statement – Operating Activities

	2011/12 £000	£000	2010/11 £000	£000
Deficit on Provision of Services		**(1,899)**		**(5,509)**
Adjusted for:				
Current Service Cost Adjustment	49		(3,270)	
Depreciation	361		539	
Net (return)/loss on Pension Scheme Assets/Liabilities	(56)		679	
Provision for liabilities and charges	149		(153)	
Decrease in Debtors	1,920		3,592	
Decrease in Creditors	(1,251)		(3,584)	
Adjustments for non-cash movements		**1,172**		**(2,197)**
Interest Payable	74		113	
Interest and Investment Income	(188)		(372)	
Adjustments for investing and financing activities		**(114)**		**(259)**
Net cash flows from Operating Activities		**(841)**		**(7,965)**

18. Cash Flow Statement – Investing Activities

	2011/12 £000	2010/11 £000
Interest Payable	(74)	(113)
Interest and Investment Income	188	372
Payment to Acquire Property, Plant and Equipment	(72)	(9)
Total	**42**	**250**

19. Cash Flow Statement – Financing Activities

	2011/12 £000	2010/11 £000
Finance Lease Capital Repayment	219	196
Total	**219**	**196**

20. Intergroup Transactions

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

	2011/12 £000	2010/11 £000
Intergroup transactions	2,215	2,811

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

21. Members' Allowances

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

	2011/12 £000	2010/11 £000
Members' Allowances	200	176

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 2011/12 £000	2010/11 £000
£50,000 - £54,999	9	15
£55,000 - £59,999	10	11
£60,000 - £64,999	1	6
£65,000 - £69,999	2	4
£70,000 - £74,999	-	7
£75,000 - £79,999	4	3
£80,000 - £84,999	-	2
£85,000 - £89,999	1	5
£90,000 - £94,999	3	10
£95,000 - £99,999	6	6
£100,000 - £104,999	3	-
£105,000 - £109,999	1	-
£110,000 - £114,999	-	2
£115,000 - £119,999	-	3
£120,000 - £124,999	2	3
£125,000 - £129,999	-	2
£130,000 - £134,999	-	2
£145,000 - £149,999	1	1
£155,000 - £159,999	-	1
£175,000 - £179,999	-	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

22. Officers' Remuneration (continued)

London Councils' Senior Officers whose salaries are between £50,000 and £150,000 in 2011/12.

Post Holder	Salary	Bonus	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution	Total Remuneration including Pension Contribution
	£	£	£	£	£
Chief Executive	147,000	2,940	149,940	23,841	173,781
Corporate Director, Capital Ambition	33,099	-	33,099	4,887	37,986
Corporate Director, Policy and Public Affairs	122,940	-	122,940	19,548	142,488
Corporate Director, Services	122,940	-	122,940	19,548	142,488
Director, Corporate Governance	97,430	-	97,430	15,491	112,921
Director, Corporate Resources	97,430	-	97,430	15,491	112,921
Total	**620,839**	**2,940**	**623,779**	**98,806**	**722,585**

The Corporate Director, Capital Ambition left London Councils in July 2012. The annualised remuneration prior to the officer leaving was £122,940.

London Councils' Senior Officers whose salaries are between £50,000 and £150,000 in 2010/11.

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	147,000	8,820	-	155,820	24,775	180,595
Corporate Director, Capital Ambition	122,940	-	54,228	177,168	19,548	196,716
Corporate Director, Policy and Public Affairs	120,891	-	-	120,891	19,222	140,113
Corporate Director, Services	120,891	-	-	120,891	19,222	140,113
Director, Corporate Governance	97,430	-	-	97,430	15,491	112,921
Director, Corporate Resources	97,430	-	-	97,430	15,491	112,921
Total	**706,582**	**8,820**	**54,228**	**769,630**	**113,749**	**883,379**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

22. Officers' Remuneration (continued)

	2011/12 £
Remuneration of highest paid Director	149,940
Remuneration of median member of staff	37,851
Multiple between the median member of staff and the highest paid director	3.96

23. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2011/12. In 2010/11 the Committee terminated the contracts of 66 employees incurring a total cost of £2.291million. This amount consists of compensation for loss of office and contributions to the pension scheme.

Termination Benefit Bands	Number of Employees							
	2011/12				2010/11			
	Compulsory Redundancy		Other Departures		Compulsory Redundancy		Other Departures	
	No.	£000	No.	£000	No.	£000	No.	£000
Under £20,000	-	-	-	-	3	33	31	414
£20,000 - £39,999	-	-	-	-	2	62	14	383
£40,000 - £59,999	-	-	-	-	-	-	7	350
£60,000 - £79,999	-	-	-	-	-	-	3	209
£100,000 - £149,999					-	-	3	363
£150,000 - £199,999	-	-	-	-	1	165	2	312
Total	-	-	-	-	**6**	**260**	**60**	**2,031**

24. External Audit Costs

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

	2011/12 £000	2010/11 £000
Fees payable in respect of the audit of the Statement of Accounts	83	104

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

25. Grant Income

The Committee credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	2011/12 £000	2010/11 £000
Capacity Builders contribution to Change-Up grants programme	-	2,748
DCLG grant to Capital Ambition projects	767	4,183
DCSF contribution to Pan-London Alternative Provision Project	-	176
DCSF grant to YPES	631	692
DCSF grant to LRSA Programme	300	-
DfT grant to Concessionary Fares Scheme	-	28,093
GOL contribution to Safeguarding Children: Building and Sharing	-	120
ESF Co-financing grant programmes	3,173	2,977
EU contribution to London European Partnership for Transport (LEPT) projects	222	197
GLA contribution to Care Homes Information Network	162	162
GLA contribution to Children's Placement Network	162	162
LSC contribution to Third Sector Partnership	-	219
MPS contribution to London Child Protection Committee	269	240
MPS contribution to Sexual Exploitation of Children Project	47	134
TfL contribution to London European Partnership for Transport (LEPT) projects	140	145
TfL contribution to the London Bus Priority Network (LBPN)	-	100
Young People's Learning Agency grant to YPES	338	1,530
Other grants and contributions	120	211
Total	**6,331**	**42,089**

These amounts exclude contributions made by member boroughs.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

25. Grant Income (continued)

The Committee has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that have not yet been met. These balances are treated as Receipts in Advance and the amounts at the year-end are as follows:

	2011/12 £000	2010/11 £000
DCLG grant to Capital Ambition projects	175	65
DWP contribution to Children in Care Pilot Scheme	23	75
DWP contribution to Financial Inclusion Project	17	2
ESF Co-financing grant programmes	170	818
GLA contribution to Care Homes Information Network	-	162
GLA contribution to Children's Placement Network	-	162
GOL contribution to Safeguarding Children: Building and Sharing	-	235
IDeA contribution to Third Sector Commissioning project	-	26
MPS contribution to London Child Protection Committee	49	78
MPS contribution to Sexual Exploitation of Children Project	224	271
SFA contribution to London Apprenticeship Taskforce	73	25
TfL contribution to London European Partnership for Transport (LEPT) projects	-	8
Young People's Learning Agency grant to YPES	151	106
Total	**882**	**2,033**

26. 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 2011/12 was £59.623 million (2010/11: £56.494 million). The total value of expenditure on secondment fees, rent, rates, professional fees and the distribution of grants paid to member boroughs during 2011/12 was £2.633 million (2010/11: £3.267 million). On 31 March 2012, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £3.274 million (2010/11: £4.035 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £2.694 million (2010/11: £2.741 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 2011/12 was £10.49 million (2010/11: £14.029 million). The total value of expenditure on charges and reimbursement of Penalty Charge Notices during 2011/12 was £139,000 (2010/11: £42,000). On 31 March 2012, the value of debtor balances owed by TfL (including payments in advance) amounted

26. Related Parties (continued)

to £52,000 (2010/11: £86,000) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £270,000 (2010/11: £162,000).

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. Grants and contributions received from government departments are set out in note 25.

27. Grant Commitments

There has been a significant reduction in the size of London Councils Grants Scheme from April 2011 which has led to a decrease in the level of future grants commitments. The value of commitments in 2012/13 is £11.996 million. Included within these amounts is £2 million in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £1 million from ESF which represents 50% of the total grant expenditure under the co-financing programme.

28. Concessionary fares

These accounts do not include the amount of £275.48 million (2010/11: £231.449 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

29. 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.

30. Inter Committee Transfers

During 2011/12 members boroughs agreed to transfer £1.83 million from the main Joint Committee and £150,000 from the Transport and Environment Committee to the Grants Committee. The combined value of the transfers was £1.98 million and this was used to fund the additional costs of extending the grants programme following the Judicial Review of London Councils Grants Committee's decision to reduce the programme.

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2011/12

	2011/12 Expenditure £000	2011/12 Income £000	2011/12 Net £000	2010/11 Expenditure £000	2010/11 Income £000	2010/11 Net £000
Cost of Services						
Direct Revenue Expenditure:						
Grants to Voluntary Organisations	19,457	(17,197)	2,260	26,560	(26,307)	253
	19,457	**(17,197)**	**2,260**	**26,560**	**(26,307)**	**253**
Other Operating Expenditure:						
Staff costs	614	(579)	35	1,921	(1,033)	888
IAS 19 Past service gain adjustment	-	-	-	-	(458)	(458)
Premises	76	(72)	4	163	(157)	6
Central Support Services	141	(221)	(80)	398	(321)	77
Consultancy	45	(32)	13	66	(80)	(14)
	876	**(904)**	**(28)**	**2,548**	**(2,049)**	**499**
Net Revenue Cost of Services	**20,333**	**(18,101)**	**2,232**	**29,108**	**(28,356)**	**752**
Financing and investment income and expenditure			3			7
Deficit on Provision of Services			**2,235**			**759**
Actuarial losses/(gains) on pension assets/liabilities			583			(1,035)
Other Comprehensive Income and Expenditure			**583**			**(1,035)**
Total Comprehensive Income and Expenditure			**2,818**			**(276)**

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2011/12

	Note	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net £000	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net £000
Cost of Services							
Direct Revenue Expenditure:							
Payments to operators		34,266	(34,887)	(621)	53,676	(47,428)	6,248
Managed service contract		3,466	(3,466)	-	3,653	(3,653)	-
Parking adjudication		1,876	(1,876)	-	2,039	(2,039)	-
Payments to Northampton County Court		3,679	(3,679)	-	2,869	(2,869)	-
Reimbursement of parking penalty notices to boroughs		13	(13)	-	7	(7)	-
Concessionary fares reissue		913	(5)	908	1,723	(161)	1,562
		44,213	**(43,926)**	**287**	**63,967**	**(56,157)**	**7,810**
Other Operating Expenditure							
Staff costs		2,377	(2,697)	(320)	3,873	(3,149)	724
IAS 19 Past service gain adjustment		-	-	-	-	(967)	(967)
Premises		812	(921)	(109)	799	(866)	(67)
Central Support Services		1,043	(1,184)	(141)	333	(361)	(28)
Consultancy		120	(136)	(16)	240	(260)	(20)
		4,352	**(4,938)**	**(586)**	**5,245**	**(5,603)**	**(358)**
Net Revenue Cost of Services		**48,565**	**(48,864)**	**(299)**	**69,212**	**(61,760)**	**7,452**
Financing and investment income and expenditure				(31)			45
(Surplus)/Deficit on Provision of Services				**(330)**			**7,497**
Actuarial losses/(gains) on pension assets and liabilities				2,676			(2,616)
Other Comprehensive Income and Expenditure				**2,676**			**(2,616)**
Total Comprehensive Income and Expenditure				**2,346**			**4,881**

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2011/12

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

	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net £000	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net £000
Cost of Services						
Direct Revenue Expenditure:						
Direct Services to Subscribers	69	(69)	-	94	(94)	-
Externally Funded Projects	3,527	(3,526)	1	12,035	(12,269)	(234)
GLE European Contract	207	(207)	-	228	(228)	-
Young Peoples Education and Skills	956	(1,364)	(408)	2,542	(3,066)	(524)
Inter Committee Transfer	1,830	-	1,830	-	-	-
	6,589	**(5,166)**	**1,423**	**14,899**	**(15,657)**	**(758)**
Other Operating Expenditure						
Staff costs	3,420	(4,208)	(788)	6,529	(5,234)	1,295
IAS 19 Past service costs adjustment	-	-	-	-	(2,796)	(2,796)
Premises	671	(826)	(155)	523	(726)	(203)
Central Support Services	1,218	(1,499)	(281)	1,251	(1,735)	(484)
Consultancy	274	(337)	(63)	437	(606)	(169)
	5,583	**(6,870)**	**(1,287)**	**8,740**	**(11,097)**	**(2,357)**
Net Revenue Cost of Services	**12,172**	**(12,036)**	**136**	**23,639**	**(26,754)**	**(3,115)**
Financing and investment income			(142)			368
Surplus on Provision of Services			**(6)**			**(2,747)**
Actuarial losses/(gains) on pension assets/liabilities			6,574			(4,943)
Other Comprehensive Income and Expenditure			**6,574**			**(4,943)**
Total Comprehensive Income and Expenditure			**6,568**			**(7,690)**

GLOSSARY

Accounting Policies
The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

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.

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.

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.

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.

GLOSSARY (continued)

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.

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 financial statements 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).

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.

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.

GLOSSARY (continued)

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 financial statements. 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.

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.

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.

GLOSSARY (continued)

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.

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.

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.

GLOSSARY (continued)

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.

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.