

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	<input type="text" value="LONDON COUNCILS"/>		
Year ended:	<input type="text" value="31 March 2020"/>		
List No:	<input type="text" value="252E"/>		
Head or Main Office:	<input type="text" value="59½ SOUTHWARK STREET"/>		
	<input type="text" value="LONDON"/>		
	<input type="text"/>		
	<input type="text"/>		
	<input type="text"/>		
Postcode	<input type="text" value="SE1 0AL"/>		
Website address (if available)	<input type="text" value="www.londoncouncils.gov.uk"/>		
Has the address changed during the year to which the return relates?	<input type="checkbox" value="Yes"/>	<input type="checkbox" value="No"/>	<input checked="" type="checkbox" value="X"/> ('X' in appropriate box)
General Secretary:	<input type="text" value="STEVE DAVIES"/>		
Contact name for queries regarding the completion of this return:	<input type="text" value="DAVID SANNI"/>		
Telephone Number:	<input type="text" value="020-7934 9704"/>		
E-mail:	<input type="text" value="david.sanni@londoncouncils.gov.uk"/>		

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: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

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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
33	-	-	-	33

Change of Officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
Member	Cllr Richard Cornelius	Cllr Daniel Thomas	22 May 2019
Member	Cllr Liz Green	Cllr Caroline Kerr	23 March 2020
Member	Cllr Nickie Aiken	Cllr Rachel Robathan	11 February 2020

London Councils Leaders' Committee
At 31 March 2020

Name	Position
Cllr Peter John OBE	Chair
Cllr Georgia Gould	Deputy Chair
Cllr Ruth Dombey OBE	Vice Chair
Catherine McGuinness	Vice Chair
Cllr Teresa O'Neill OBE	Vice Chair
Cllr Stephen Alambritis	Member
Cllr Jas Athwal	Member
Cllr Julian Bell	Member
Mayor John Biggs	Member
Cllr Muhammed Butt	Member
Cllr Neil Caliskan	Member
Cllr Elizabeth Campbell	Member
Cllr Clare Coghill	Member
Cllr Stephan Cowan	Member
Cllr Steve Curran	Member
Mayor Damien Egan	Member
Cllr Joseph Ejiofor	Member
Mayor Rokshana Fiaz OBE	Member
Mayor Philip Glanville	Member
Cllr Ravi Govindia	Member
Cllr Graham Henson	Member
Cllr Jack Hopkins	Member
Cllr Caroline Kerr	Member
Cllr Tony Newman	Member
Cllr Ray Puddifoot MBE	Member
Cllr Rachel Robathan	Member
Cllr Gareth Roberts	Member
Cllr Darren Rodwell	Member
Cllr Colin Smith	Member
Cllr Daniel Thomas	Member
Cllr Danny Thorpe	Member
Cllr Richard Watts	Member
Cllr Damian White	Member

Officers in post

(see note 10)

Please complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Cllr Peter John OBE	Chair
Cllr Georgia Gould	Deputy Chair
Cllr Ruth Dombey OBE	Vice Chair
Catherine McGuinness	Vice Chair
Cllr Teresa O'Neill OBE	Vice Chair
Cllr Stephen Alambritis	Member
Cllr Jas Athwal	Member
Cllr Julian Bell	Member
Mayor John Biggs	Member
Cllr Muhammed Butt	Member
Cllr Neil Caliskan	Member
Cllr Elizabeth Campbell	Member
Cllr Clare Coghill	Member
Cllr Stephan Cowan	Member
Cllr Steve Curran	Member
Mayor Damien Egan	Member
Cllr Joseph Ejiofor	Member
Mayor Rokshana Fiaz OBE	Member
Mayor Philip Glanville	Member
Cllr Ravi Govindia	Member
Cllr Graham Henson	Member
Cllr Jack Hopkins	Member
Cllr Caroline Kerr	Member
Cllr Tony Newman	Member
Cllr Ray Puddifoot MBE	Member
Cllr Rachel Robathan	Member
Cllr Gareth Roberts	Member
Cllr Darren Rodwell	Member
Cllr Colin Smith	Member
Cllr Daniel Thomas	Member
Cllr Danny Thorpe	Member
(Please see attached sheet for full list of Officers)	

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
45,244,059	From Members	Subscriptions, levies, etc	45,106,027	45,106,027
	Investment income	Interest and dividends (gross)		
170,387		Bank interest (gross)	121,886.00	121,886
		Other (specify)		
-706,000		Net return on pension assets/liabilities	-631,000.00	-631,000
-535,613		Total Investment Income	-509,114	-509,114
	Other Income	Rents received	419,336.00	419,336
419,289		Insurance commission		
		Consultancy fees		
7,117		Publications/Seminars	14,278.00	14,278
		Miscellaneous receipts (specify)		
3,863,000		Actuarial gain on pension scheme	4,467,000	4,467,000
15,887,683		Other operating income	14,232,670	14,232,670
20,177,089		Total of other income		19,133,284
64,885,535		Total income		63,730,197
		Interfund Transfers IN		
	Expenditure			
9,012,485	Administrative expenses	Remuneration and expenses of staff	9,161,430	9,161,430
2,198,179		Occupancy costs	2,199,513	2,199,513
129,620		Printing, Stationery, Post	86,406	86,406
66,333		Telephones	55,896	55,896
1,770,884		Legal and Professional fees	1,591,908	1,591,908
		Miscellaneous (specify)		
13,177,501		Total of Admin expenses		13,095,153
	Other Charges	Bank charges	62,837	62,837
63,733		Depreciation	282,877	282,877
216,120		Sums written off	203	203
6,253		Affiliation fees		
		Donations		
160,908		Conference and meeting fees	140,524	140,524
		Expenses		
		Miscellaneous (specify)		
30,578,178		Payment to Transport Operators	28,479,542	28,479,542
8,422,724		Grants to Voluntary Organisations	7,732,606	7,732,606
10,075,199		Other operating expenditure	12,093,597	12,093,597
49,523,115		Total of other charges		48,792,186
		Taxation		
62,700,616		Total expenditure		61,887,339
		Interfund Transfers OUT		
2,184,919		Surplus/Deficit for year		1,842,858
-14,233,360		Amount of fund at beginning of year		-12,048,441
-12,048,441		Amount of fund at end of year		-10,205,583

Accounts other than 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 2020]

(see notes 19 and 20)

Previous Year		£	£
1,323,610	Fixed Assets (as at Page 8)	1,107,230	1,107,230
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
	Unquoted (Market value £) as at Page 9		
	Total Investments		
	Other Assets		
9,187,353	Sundry debtors	7,418,407	7,418,407
15,238,417	Cash at bank and in hand	16,676,370	16,676,370
	Stocks of goods		
	Others (specify)		
	Total of other assets	24,094,777	24,094,777
24,425,770		24,094,777	24,094,777
	Total Assets		25,202,007
-12,048,441	Revenue Account/ General Fund	-10,205,583	
	Revaluation Reserve		
	Liabilities		
3,463,888	Sundry creditors	3,825,235	
6,863,255	Accrued expenses	6,497,057	
837,678	Provisions	937,298	
26,633,000	Other liabilities	24,148,000	
37,797,821		Total Liabilities	35,407,590
25,749,380		Total Assets	25,202,007

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period		993,339	330,271	1,323,610
Additions during period		26,472	40,025	66,497
Less: Disposals				
Less: Depreciation		-156,409	-126,468	-282,877
Total to end of period		863,402	243,828	1,107,230
Book Amount at end of period		863,402	243,828	1,107,230
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets		863,402	243,828	1,107,230

Analysis of Investments

(see note 22)

Quoted		Other Funds
	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 investments (to be specified)	
	Total Unquoted (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 note 23)					
Does the association, or any constituent part of the association, have a controlling interest in any limited company?			Yes	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 24 to 33)

	All Funds	Total Funds
		£
Income		
From Members	45,106,027	45,106,027
From Investments	-509,114	-509,114
Other Income (including increases by revaluation of assets)	19,133,284	19,133,284
Total Income	63,730,197	63,730,197
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	61,887,339	61,887,339
Funds at beginning of year (including reserves)	-12,048,441	-12,048,441
Funds at end of year (including reserves)	-10,205,583	-10,205,583
ASSETS		
Fixed Assets		1,107,230
Investment Assets		
Other Assets		24,094,777
Total Assets		25,202,007
Liabilities		
Total Liabilities		35,407,590
Net Assets (Total Assets less Total Liabilities)		-10,205,583

Notes to the accounts

(see note 34)

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 2020 are attached to this return. The notes to the accounts can be found on pages 41 to 74 of the Consolidated accounts.

Accounting policies

(see notes 35 & 36)



The accounting policies can be found on note 1 which is on pages 41 to 49 of the Consolidated Statement of Accounts for London Councils Joint Committee for the year ended 31 March 2020 which is attached to this return.

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	
			(or other official whose position should be stated)
Name:	STEVE DAVIES	Name:	CLLR GEORGIA GOULD
Date:	15 February 2021	Date:	10 March 2021

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	X	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes	X	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

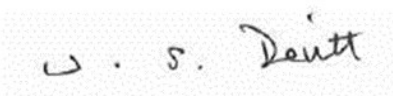
Auditor's report (continued)

We have attached our independent auditor's report to the Members of London Councils Joint Committee on the financial statements of London Councils Joint Committee for the year ended 31 March 2020 (the 'Independent auditor's report'). All information referenced below is not provided as a substitute, nor an alternative to the Independent auditor's report and the financial statements to which this form AR27 relates.

The user must also be made aware that we have not performed additional procedures in relation to these figures, and have agreed the amounts to prior work, which was completed during the process of our financial statement audit of London Councils financial statements for the year ended 31 March 2020. Within this form AR27, we have reviewed the extraction of data and agreed the classification of each line item, between the general ledger and the form AR27.

The requirements under sections 28, 32(3)(a) and 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 of London Councils to keep proper accounting records and to obtain an independent auditor's report are noted. These requirements were covered during our routine audit work and we did not have to modify our audit or our independent auditor's report for any issues including concerns over the accounting records. Thus London Councils has complied with these requirements in all material respects.

All responses included within the form AR27, and any references provided in relation to the Independent auditor's report, including our opinion, are provided for the use of the members as a body only, and should not be shared for other use. Within the provision of giving our opinion, we do not accept or assume any

Signature(s) of auditor or auditors:		
Name(s):	WILLIAM S DEVITT	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANT (FCA)	
Address(es)	GRANT THORNTON UK LLP, 30 FINSBURY SQUARE, LONDON, EC2A IAG	
Date:	15 April 2021	
Contact name for enquiries and telephone number:	ADE OYERINDE 07880 456192	

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 2020

LONDON COUNCILS - JOINT COMMITTEE

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

FOREWORD

In common with organisations across the public, private and voluntary sectors, the arrival of the Covid-19 pandemic in the final quarter of 2019/20 significantly impacted on existing work plans as London Councils sought to reconfigure to aid member boroughs supporting their communities through the unprecedented challenges presented by the coronavirus.

As the organisation has adjusted and adapted to the new challenges, it has evolved rapidly and fluidly to respond to the emerging situation. This includes significant changes to the organisational timetable, with the traditional summer Annual General Meeting (AGM) of our Leaders' Committee taking place in autumn 2020.

A full annual review was presented to that AGM that took a more complete stock of London Councils' actions in response to the Covid-19 pandemic and in support of member boroughs.

However, this summary of some of the key workstreams, priorities and outcomes for the organisation during the 2019/20 financial year will hopefully prove a useful reflection in lieu of the full annual review presented to London Councils Leaders.

The summary is followed by an initial report outlining London local government's collective resilience arrangements, London boroughs' response to Covid-19 and London Councils' role in supporting them.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

REVIEW OF THE YEAR

ABOUT LONDON COUNCILS

London Councils represents London's 32 boroughs and the City of London Corporation.

It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion.

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

London Councils runs a number of direct services for member authorities including the Freedom Pass, Taxicard and Health Emergency Badge. It also supports an independent parking and environmental appeals service and a pan-London grants programme for voluntary organisations.

London Councils acts as a catalyst for effective sharing – including ideas, good practice, people, and resources, as well as policies and new approaches - among boroughs and groups of boroughs.

The strategic direction of London Councils is set by its Leaders' Committee, which comprises the Leaders and directly elected Mayors of all of London's local authorities. There is also a cross-party Executive, which guides the organisation's day-to-day work.

OUR PLEDGES TO LONDONERS

In April 2019, London Councils launched a set of specific pledges detailing the aspirations that London boroughs have agreed to work together on to improve the lives of all Londoners over the next three years.

The Pledges to Londoners were agreed by London Councils' Leaders' Committee, made up of the Leaders and Directly Elected Mayors of London's boroughs.

The Pledges focus on the issues that matter most to Londoners – building more homes, combatting knife crime, arguing for a sustainable financial settlement for local services, improving air quality, investing in preventative services and working effectively with business to boost the economic prosperity of local communities.

This is the first time London Councils, the 32 London boroughs and the City of London Corporation have signed up to a series of shared pan-London priorities, which they aim to make progress on over the next three years.

The 46 specific pledges agreed by Leaders cover seven policy areas: Housing; Better Health & Care; Supporting Business and Inclusive Growth; Crime & Public Protection; Transport & Environment; Funding London and New Ways of Working. You can find further details on our Pledges to Londoners including the 46 specific pledges on our website www.londoncouncils.gov.uk.

The summary below follows the seven policy areas that form the core of the pledges.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**OUR WORK IN 2019/20****POLICY & PUBLIC AFFAIRS****HOUSING**

The undersupply of affordable homes and rising levels of homelessness have been among the two key challenges for the capital for more than a decade. In 2017, a fire at Grenfell Tower in North Kensington that took the lives of 72 people tragically highlighted the hidden issue of high-rise building safety. There is no one solution to London's housing crisis but London Councils' housing policy team, working with colleagues across London boroughs, are actively advancing positive solutions while pressing the government to do more to support London local authorities in building more of the homes London needs. Particular developments in 2019/20 are set out below:

- Established a collaborative company to help cut the cost of procuring temporary homes for homeless Londoners. Capital Letters, which is collectively owned by the boroughs and supported by £38 million of grant funding from the Ministry of Housing, Communities and Local Government, aims to improve the availability of housing options by reducing competition between councils.
- Established a not-for-profit company, PLACE, to provide high-quality accommodation for homeless Londoners making innovative use of 'meantime' sites across the capital and innovative modular housing. In April 2019, Extraspace Solutions was appointed to design and manufacture PLACE's modular housing units. The value of the contract is around £40 million and will see 200 modular homes built by 2021.
- Continued to lobby government to give councils greater powers to crack down on rogue landlords, including through a including through supporting proposals such as a Rogue Landlord Order
- Responded to government consultation to press for the abolition of 'no fault' section 21 evictions - 62 per cent of all 'no fault' eviction notices are issued in the capital.
- Organised and hosted a cross-sector seminar on rough sleeping and daytime begging for borough officers, business improvement districts, police, and the voluntary sector to explore joint solutions and embed partnership working.
- Throughout the year, London Councils' housing team worked closely with members and senior officers across London and with other groups to progress building safety; including through the remediation of all buildings with category 3 ACM cladding regardless of their height and lowering the building height threshold for the use of other forms of combustible cladding.
- The October 2019 Queen's Speech included commitments to bring forward legislation on building safety standards and London Councils will continue to work with government and partners to ensure Londoners are safe and feel safe in their homes.
- Continued to make the case to government that restrictions to Local Housing Allowance have greatly reduced the number of properties affordable to low-income Londoners, including by commissioning research that established that only 8 per cent of properties in London are now affordable. After a five-year freeze, the government increased the LHA 1 April 2020 to match the 30th percentile in each local area.
- Led calls for improved regulation of the booming short-term lets market and published new research that suggests one in every 50 homes in the capital is now let on a short-term basis.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**BETTER HEALTH & CARE**

Boroughs have responsibilities to support their communities Public Health and Wellbeing, as well as to provide Londoners with the adult social care services that can enable them to live their lives as fully, independently and safely as possible, despite illness or accidents, frailty, old age, disability or vulnerability. Our work in support of London councils in 2019/20 included:

- Following the decision to extend the London HIV Prevention Programme to March 2022, contracts for the programme were retendered until 31st March 2022. London Councils has strengthened the LHPP governance arrangements, ensuring improved transparency and better communication with stakeholders. In order to protect and inform the public during Covid, the Do It London webpage, is promoting wider access to the e-service (funded by London boroughs) to offer home testing for HIV and STIs, and to provide free condoms/lube deliveries via the webpage.
- London Councils has supported National Pre-Exposure Prophylaxis (PrEP) Impact Trial and successfully lobbied the government which agreed a national contribution of £16 million for the routine commissioning of PrEP administered via sexual health clinics. London Councils is continuing to work with NHSE to ensure the appropriate distribution of the PrEP across London.
- In January 2018 London Councils joined the Fast Track Cities worldwide initiative to end the global AIDS epidemic by 2030. In February 2020, Fast-Track Cities successfully secured £6 million over three years from the NHSE to reduce HIV-related stigma.
- In October 2019, an Improvement Fund of £3 million was established to support voluntary sector projects in tackle stigma in all its forms at a local level. In September 2019, London hosted the first international conference bringing together countries across the globe to share experiences and best practice to reduce HIV. London Councils, is a member of the Leadership Group, and works to keep on track London's ambition to achieve zero new HIV infections, zero avoidable HIV deaths and zero HIV stigma by 2030.
- London Councils set up a Public Health Finance Group, to support future campaign work, highlight best practice approaches, where boroughs have jointly collaborated together to improve public health outcomes, such as the London HIV Prevention Programme. The adequate funding of public health will be essential, to ensure that boroughs continue to be support reducing health inequalities and address the impact of Covid on particular ethnic groups.
- Worked with officials in MHCLG to convene and cross-government workshop in February 2020 involving borough Chief Executives, Directors of Children's Services and officials from MHCLG, Home Office and the DfE in support of London's urgent need for additional £32 million in UASC funding to London boroughs to ensure that the London rota remains functional during the forthcoming summer pressures.
- Following London's borough leaders' pledge to seek agreement on funding and devolved powers to help transform London's ageing GP and primary care premises, London Councils set out the actions required to improve primary care services and GP premises across the capital, including the need for maintaining and enhancing local primary care leadership in its Primary Care report published in January.
- Successfully brought together key health and care partners to consider ways of improving primary care services across the capital.
- Strengthened senior level relationships with health partners establishing a Member Level group which meets regularly with Sir David Sloman and is tasked with improving local partnerships and working arrangements between health and local government.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Progressed proposals for future pan London collaboration with the NHS. Propositions for a more comprehensive and accelerated move towards greater partnership working across the health and care system are now at an advanced stage.
- Published a report, *State of Adult Social Care Services in London* highlighting that that boroughs had achieved £480 million in adult social care savings between 2015/16 and 2017/18 through increased efficiency. The report also found that boroughs had saved the NHS around £4.6 million a year through avoiding unnecessary hospital stays.
- Worked closely with social care finance leads supporting them and providing them with a forum for benchmarking and assistance in addressing local challenges.
- In response to the changing legislative framework and in order to align with London's local safeguarding children partnerships, the London SCP set up an Executive of senior leaders the police, health services and local authorities. This is the first time leaders in London of this level of seniority have met on a regular basis to co-ordinate and lead the response to children at risk of abuse and neglect and the group has met every six weeks in response to the Covid19 crisis.
- Alongside colleagues from the Greater London Authority, Public Health England and NHS, London Councils organised and delivered the 2019 London Health Board Conference. On Wednesday 2 October 2019, London Health Board members and over 250 of London's health and care leaders came together to launch the London Health and Care Vision and showcase ongoing partnership work across the health and social care sector in London.

SUPPORTING BUSINESS & INCLUSIVE GROWTH

London's economy is inarguably the engine room of the UK economy and a considerable net contributor to national wealth. The majority of London's economic activity is generated by the thousands of small and medium businesses that supply a large proportion of the 5.86 million jobs in the capital (20 per cent of the UK total jobs). As such, tending to the economic health of the capital's businesses and ensuring Londoners have the rights skills to seize the opportunities and promote growth is an important responsibility for London local government. London Councils' policy team has worked with boroughs across a number of areas in 2019/20 to further these aims, including:

- Collaborating with the London Chamber of Commerce and Industry (LCCI) on the third annual survey of 1,000 London business leaders about their views around general business confidence and potential barriers to growth. The 2019 survey included specific questions about apprenticeships and the apprenticeship levy, as well as businesses views on the quality of services provided by boroughs. Results were broken down both by key business sectors and with analysis available on each of London's four sub-regional partnership areas.
- Survey results were used to support joint lobbying with the LCCI to call for a fully devolved apprenticeship service for London and for councils to be given more power to deliver infrastructure and housing in their communities, both supported by the majority of businesses in London.
- London Councils commissioned the Centre for Economic and Business Research (CEBR) to research the growth of the capital's half million micro-businesses (employing up to 9 people) to help better inform London Councils' and London boroughs' work to build the capital's business base further.
- Commissioned research and made recommendations to tackle London's employment gap which sees disadvantaged young people struggling to enter the jobs market

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Co-organised and hosted the fifth annual Small Business Friendly Borough Awards that recognise and promote the pivotal role played by London's boroughs in supporting and promoting small and micro businesses across the capital. The Small Business Friendly Borough Awards are run by London Councils and the London region of the Federation of Small Businesses.
- Organised the 2019 London Borough Apprenticeships Awards that recognise the outstanding contribution and impact apprentices make across London local government. London Councils has run the Awards since 2010.
- Published the third annual Guide to Development in the City of Opportunity. The guide is used by each of the 32 boroughs and the City of London for setting out their vision for development in their local area and support boroughs' work to attract international investment that brings clear benefits to their communities, such as high-quality affordable homes, new jobs, and transport links.

CRIME AND PUBLIC PROTECTION

Working with the Mayor of London and the Metropolitan Police to get to the root of crime and to provide reassurance to the wider community is a high priority for all London boroughs. In 2019/20 our policy teams work in this area included:

- London Councils conducted a survey of Community Safety Partnerships' knife crime action plans to provide an overview and ensure shared learning. (CSPs are led and co-ordinated by boroughs with representatives from local communities, social work teams, voluntary groups, schools and colleges, hospitals, the Metropolitan Police and youth offending teams.
- Worked to raise awareness of and support police action against the exploitation of young Londoners through 'County Lines' through use of the Modern Slavery Act to target gangs.
- This included polling of Londoners' existing awareness of the link between drug taking, modern slavery and the criminal exploitation of children and young people in drug dealing and responding to the All-Party Parliamentary Group on Knife Crime.
- Organised a series of learning hubs on Serious Youth Violence to share intelligence and strategies across all of London's 32 boroughs on how best to beat the organised crime networks that groom and manipulate children into transporting drugs across the country.
- Supported a public health approach to tackling serious youth violence, while also highlighting the need to provide sufficient resources for this vital work.
- Briefed London MPs at the Committee and Report Stage of the Domestic Violence Bill highlighting our concerns regarding the Tier 1 proposals.
- In response to concerns of an increase in domestic violence during the periods of lockdown, a survey was undertaken on behalf of the LHoCS, indicating that boroughs had seen an increase in multi-agency risk assessments and referrals. London Councils is being supported by refuge data supplied by Women's Aid funded by the Grants Committee, to monitor trends in refuge provision.

TRANSPORT & ENVIRONMENT (POLICY)

London Councils works with a wide range of stakeholders to develop policy on a number of transport and environmental challenges facing the capital. Our work in this area is governed by our Transport and Environment Committee (TEC), a statutory committee comprising councillors from all 33 London local authorities. In this area in 2019/20, we:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Supporting boroughs in installing more than 1,000 residential charging points for electric vehicles as part of the Go Ultra Low City Scheme (GULCS), a joint initiative between London Councils, Transport for London (TfL) and the Greater London Authority (GLA).
- Polled Londoners' attitudes on air quality and published the results on Clean Air Day 2019 to highlight the fact that more than half of Londoners feel that their health has been impacted by air pollution.
- Facilitated and publicised a shared position statement on air quality by London Environment Directors' Network (LEDNet) and the Association of Directors of Public Health (ADPH) advocating for at least 2.5 per cent of UK annual GDP to be spent on tackling air quality and climate change in the UK.
- Published the third annual 'State of the City' report in conjunction with the London Technical Advisers Group (LoTAG) to quantify the maintenance backlog on London's road which has reached £1 billion.
- Launched a new online resource to support borough collaboration on car clubs policy - the latest stage of London Councils' development of a pan-London approach to car clubs.

FUNDING LONDON

Ensuring that our member authorities have appropriate resources to deliver the services their residents need, while continuing to support the capital as a national asset, is central to London Councils' work.

Our Finance and Improvement team works with Finance Directors, Chief Executives and others across the capital to provide credible and widely regarded analysis that underpins the case for adequate resourcing of London's public services and supports sector-led improvement across London local government. In 2019/20, we:

- Supported the City of London (as the Lead Authority) in delivering the London 75 per cent business rates retention pilot pool that generated more than **£200 million of additional funding for London government** (the boroughs and the GLA).
- Facilitated the investment of **£40 million of this funding in strategic growth projects** directly decided by borough Leaders and the Mayor, that promote economic growth through housing, regeneration, skills, transport and digital infrastructure across the capital.
- Continued our *Investing in the future* lobbying campaign ahead of the 2019 Spending Review with a submission into the Housing, Communities and Local Government Select Committee Inquiry on local government finance and the Spending Round. We continued to build support and collaborate with the Mayor, other urban areas and with London business representative groups.
- We were successful in our lobbying ahead of Spending Round 2019 in September where we asked for:
 - certainty for councils over 2020/21 funding - **the settlement was effectively confirmed at the Spending Round in September;**
 - an above inflation increase in local government funding for 2020/21 - **the overall increase was 6 per cent;**

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- investment in children’s social care, where London’s funding gap was over £200 million, and at least an inflationary increase in funding available for adult social care – **all existing adult social care grants were continued as well as an additional £1 billion (of which London boroughs received over £150 million)**;
 - An urgent increase in the High Needs block funding to address the growing pressures related to children with Special Educational Needs (SEN) – **almost £800 million was announced (of which London received nearly £140 million)**
 - An increase in funding to meet the annual shortfall of at least £200 million in homelessness – **government awarded an extra £54 million to reduce homelessness and rough sleeping and subsequently increased homelessness prevention funding by £37 million with over half the increase going to London boroughs.**
 - An increase in funding for public health following annual cuts since 2015 – **the grant was increased by almost £150 million nationally (with London boroughs receiving £27 million)**
 - Funding for the Troubled Families programme to continue – **a further year of funding was confirmed in the Spending Round.**
- Supported borough finance teams and continued to produce a range of analysis and tools for boroughs to use as part of their financial planning.
 - Continued to support the London Self Improvement Board building a collaborative approach with Chief Executives, Treasurers and other and senior officers, underpinned by data analysis and research. This included successful peer support programmes for Chief Executives and Finance Directors across London, and the successful London Leadership Programme, which helps build the next generation of senior public service managers

NEW WAYS OF WORKING

A key strength of London Councils has always been as a nexus of borough excellence and a place where members can collaborate and innovate in areas where they recognise the potential for this to add value to local work. Mutual challenge and sharing of knowledge, insight and best practice has added immeasurable value to borough work. Opportunities for more formal collaboration include, although are certainly not restricted to, procurement processes, where borough bulk buying power can be successfully aligned to add considerable value.

Capital Ambition/London Ventures

More than a decade ago Capital Ambition was established as the regional improvement and efficiency partnership for London. Capital Ambition has led and supported London local authorities in realising greater efficiency, performance improvement, innovation and new ways of working together to delivery local public services in the boroughs.

Since 2013, Capital Ambition has driven innovation in local government primarily through the innovative London Ventures programme. In 2019/20 some of the key highlights have been:

- Supporting general ventures partners to promote their innovative services and products to the local government market and develop new solutions to the emerging Covid-19 pandemic
- Initiating the delivery of the targeted ventures work on family group conferencing and case management system for the children and families workstream,

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Completing the Capital Ambition funded behavioural science projects on children’s social services and childhood immunisation rates.

PLACE

A key legacy project kick started with seed funding from Capital Ambition, via its London Ventures stream, is the Pan-London Accommodation Collaborative Enterprise (PLACE), a new approach to tackling homelessness through acquiring modular temporary accommodation.

- Established in May 2018, PLACE Ltd is a not-for-profit Company Limited by Guarantee and will act as the procurement and ownership organisation for the scheme. The first modular housing will be on site for use as temporary accommodation by 2021. PLACE’s target is to have 200 homes across London.
- A major landmark in the project was delivered in 2019/2020 when PLACE Ltd selected Extraspace Solutions to design and manufacture PLACE’s modular housing units. The £49 million contract was awarded following a competitive tendering process.
- Prototype modular housing units are due to be delivered to Tower Hamlets (the lead borough for the scheme) in August 2020.

Capital Letters

In March 2019, 13 London boroughs formally became founding members of Capital Letters, a collaborative venture to improve the procurement and management of properties in London for alleviating and preventing homelessness, as well as ensuring a better experience for those affected. The launch of Capital Letters has been co-ordinated by London Councils and the London Housing Directors’ Group. In 2019/20, Capital Letters:

- Appointed a senior leadership team and attracted more boroughs to join Capital Letters.
- Secured its first homes for homeless Londoners in June 2019 and expanded its list of landlord clients.
- Over the next three years, Capital Letters will procure accommodation for around 20,000 households for use by member boroughs.

LOTI

The London Office of Technology and Innovation (LOTI) was officially launched in June 2019. The city-wide venture – a collaboration between London boroughs with the Mayor of London’s backing – has a mission to foster radical and effective ideas for the benefit of citizens, communities and businesses. LOTI is co-ordinated and hosted by London Councils.

The establishment of LOTI represents a significant step forward for borough leaders’ joint agreement to support innovative digital delivery and data collaborations. In 2019/20, LOTI:

- Conducted significant work to reduce barriers to data sharing across London
- Launched City Tools - an initiative to provide better data and evidence on the technologies that power London's public services to help boroughs improve their technology procurements
- Worked to boost boroughs' access to digital talent through a digital apprenticeship scheme, which aims to have 100 digital apprentices in place by September 2020.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**GRANTS & COMMUNITY SERVICES****Young People's Education and Skills**

The Young People's Education and Skills Board is the lead strategic body for 14 to 19 education and training in London, providing pan-London leadership for the current and future education and training needs of young Londoners and employers. The Board also supports member authorities in undertaking their statutory functions in planning, policy and provision. Achievements against the 2019/20 London Councils Business Plan included:

- 95.5 percent of young Londoners secured a place in education or training in the 2019 'September Guarantee'- the national average was 95 per cent.
- campaigned for additional resources, particularly highlighting the shortfall in boroughs' high needs budgets, estimated at over £100 million in 2018/19 alone
- undertaken research with partner organisations to highlight differing performance levels of young people based on socio-economic background and ethnicity, to ensure that every young person has an equal opportunity for success
- provided support to borough officers responsible for the participation of young people with special educational needs and disabilities (SEND), resulting in a reduction in the gap in participation between young people with SEND and those without.

London Care Services

London Care Services helps boroughs to source good quality accommodation for vulnerable children. Providers of foster care, residential care, residential special schools and residential family centres offer information about their services and costs via a confidential website. The services are made available to subscribing boroughs through a single model contract offering a streamlined and cost-effective route to providers. In 2019/20, London Care Services:

- secured 129 residential and 98 fostering services for subscribing authorities.
- delivered network and training opportunities for local authority staff.
- undertook research for the Association of London's Directors of Children's Services to explore commissioning arrangements for looked after children in the capital and make recommendations for improving those arrangements.

The Grants Programme

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

In April 2017 London Councils began a £30 million, four-year (2017-21) Grants Programme. 13 organisations, working with other partner organisations, deliver services to combat homelessness and tackle sexual and domestic violence. During 2019/20, the Grants Programme helped:

- 42,000 people at risk of homelessness

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- 22,470 people at risk of or experiencing homelessness
- 136,000 children were supported to identify myths and warning signs about sexual and domestic violence and to know where to get help
- 143,000 people affected by sexual or domestic violence were supported via helpline advice and counselling.

TRANSPORT SERVICES**Mobility**

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

On behalf of TEC during 2019/20 London Councils:

- Negotiated the Freedom Pass annual settlements with TfL, and other bus operators, achieving another consecutive annual cost reduction.
- Calculated and agreed the apportionment of Freedom Pass costs to boroughs.
- Introduced a new, more customer friendly method of renewing approximately 640,000 expiring passes, saving £1.4 million compared to the previous renewals of a similar scale.
- Managed the implications of the delays to the Elizabeth Line on the scheme settlement and apportionment.
- Completed the mid-term review of passholders whose passes expire in 2022 to check continued eligibility for the scheme and avoid costs.
- Refined the business case for annual eligibility reviews to reduce fraudulent use and costs.
- Continued to review customer service provision and made progress in delivering more channel shift towards digital and online services, including:
 - making improvements to the mid-term eligibility review online for the first time; and
 - using data matching to enable auto-renewal for most Freedom Pass holders.
- Completed three National Fraud Initiative reviews to identify deceased members in order to cancel their cards to prevent fraudulent use by others (an increase from two completed in previous years).
- Concluded negotiations for the 2020/21 settlement with the Rail Delivery Group (RDG) including a phased introduction of an 'Oyster clicks' calculation method achieving a fair deal that reflects current travel trends and avoided a sharp increase in costs to boroughs.
- Worked closely with staff and suppliers to ensure that services continued uninterrupted despite the COVID-19 outbreak.

On behalf of the boroughs, London Councils manages the Taxicard service for approximately 57,000 people with severe mobility and visual impairments, offering subsidised journeys in taxi and private hire vehicles.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

On behalf of TEC during 2019/20, London Councils has:

- Worked closely with its Taxicard supplier to improve performance significantly over the course of the year.
- Achieved significant potential savings through new contract and subsequently agreed new funding arrangement with TfL.
- Developed further co-ordination of Taxicard and Dial-a-Ride schemes with TfL, including joint performance monitoring and reporting and a common approach for complaints handling. A single application process and joint on-line portal was considered but ruled out at this time.
- Started development of a new online application portal and process.
- Conducted a review of the Taxicard eligibility criteria with boroughs to achieve greater consistency and clarity for users.
- Continued to improve and enhance customer care, through use of new customer care charter, staff development and monthly customer service reviews with the contractor.
- Completed regular reviews of usage, cancelling cards following two years of inactivity.
- Continued to work with TfL on their Assisted Travel Budget pilot schemes.
- Amended the Taxicard scheme to meet the challenge of Covid-19, by introducing a collection and delivery service for shielded customers.

Parking and Traffic

The London Lorry Control Scheme continued to provide environmental benefits, particularly protection for residents' quality of sleep by controlling the movement of Heavy Goods Vehicles (HGVs) on residential roads at night-time and at the weekend. Improvements to administrative and enforcement processes has helped see further efficiencies in the running of the service, ensuring the scheme continues to be operated at no cost to the boroughs.

In 2019/20 on behalf of TEC, London Councils has:

- Continued to manage the London Lorry Control Scheme, issuing permits and enforcing to ensure compliance.
- Continued to implement the scheme review recommendations, including:
 - developing a comprehensive Communications Strategy and Plan
 - improving scheme monitoring arrangements
 - completed a successful ANPR enforcement pilot
 - commenced a detailed review of on street signs
 - commissioned a consultancy to review the outstanding recommendations and advise of the best way forward to complete the recommendations.
- Reviewed the scheme traffic order to bring Barnet back into the scheme and have progressed discussions with Barnet to implement the necessary changes.
- Engaged with Redbridge, Hillingdon and Havering to discuss when and how enforcement can resume in these boroughs.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Continued to work closely with TfL on the development of the Direct Vision Standard Scheme to improve lorry safety and the proposal to introduce this new initiative with an amendment to the London Lorry Control Scheme order.
- Extended the enforcement service contract.
- Suspended the scheme at the end of March for a period of three months to support the freight sector in light of the COVID-19 emergency.

More broadly, London Councils has helped deliver effective and consistent traffic and parking policies and operations in London on behalf of TEC during 2019/20:

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted borough forums, including the Parking Managers Seminar.
- Represented borough interests at relevant events, groups and forums, including:
 - London Technical Advisors Group (LoTAG)
 - LoTAG Parking and Healthy Streets Sub-Group
 - TfL's Lane Rental Governance Committee
 - London Authority Partnership
 - British Parking Association (BPA) Council and Local Authority Special Interest Group
 - TTF Smarter Parking Group
 - London Automotive Forum
 - TfL's Direct Vision Standard Project Board
 - London FreightLab Project
 - Centre for London -Future of parking and kerbside management study
- Reviewed and updated the parking contravention codes list.
- Continued to work with the BPA, on the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs, including the design and agreement of a new settlement and apportionment methodology.
- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.
- Worked with key stakeholders and Central Government on advice for authorities on parking and traffic enforcement in light of the COVID-19 emergency.
- Continued to lobby government for enhanced parking and traffic enforcement powers including the reintroduction of CCTV, vehicle idling and moving traffic contraventions.
- Progressed work to review the enforcement of speed limits in London, building the case to lobby for partial decriminalisation of speed enforcement in London as agreed by TEC. Also continuing to work with TfL, MPS and boroughs on improvements in existing enforcement methodology.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The TRACE service provides information on the whereabouts of towed vehicles to thousands of motorists across London. On behalf of TEC London Councils continues to manage and operate the TRACE service, seeing a continuing increase in take up of the online portal service.

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

On behalf of TEC, in 2019/20 London Councils has:

- Continued to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Completed a review of practices and processes to ensure the service is delivered as effectively and efficiently as possible, including the following recommendations:
 - The HEB scheme and badge be renamed to the 'Urgent Care Badge'.
 - A two-hour time limit is set to attend any urgent care visit and indicated with a clock to be displayed with the badge.
 - A new badge designed to include additional security features to help prevent fraud and misuse.
 - A new Case Management System is procured to improve the application and management processes.
 - The eligibility and allocation criteria to remain the same.
 - The Terms and Conditions of Use strengthened and updated.
 - The cost of the badge be reviewed.
 - Invitation to Tender for CMS drafted.

London Tribunals

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

On behalf of TEC, in 2019/2020 London Councils has:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators.
- Continued to deliver year on year savings to boroughs reducing the costs of running ETA.
- Continued work on the development of integrated electronic transfer and communication of all appeals with enforcement authorities.
- Effectively implemented changes for the ULEZ scheme and commenced related appeal hearings.
- Commissioned and completed a user-perspective study of the online appeals system with a view to enhancing the appellant's experience when submitting appeals online.
- Completed a discovery project with adjudicators to deliver further service enhancements.
- Undertook a series of assessments and reviews and implemented effective measures to mitigate against the impact of Covid-19, which resulted in the temporary closure of the tribunal at the end of the financial year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**The London European Partnership for Transport (LEPT)**

The London European Partnership for Transport (LEPT) helps boroughs access European funding for transport projects. In 2019/20 we have:

- Continued to monitor European and other funding and knowledge exchange opportunities, and briefing boroughs accordingly.
- Attended EU Working Group meetings on issues key to boroughs and the Mayor's Transport Strategy, feeding back good practice and knowledge sharing opportunities.
- Set up a borough European study tour to the Netherlands to look at electric vehicle charging points
- Published 8 policy briefings on issues of particular interest to boroughs that outlined London's position for a European audience/project partners as well as European example (e.g. street closures and cycle parking)
- Enhanced collaborative work with TfL on funding opportunities through the setting-up of quarterly meetings which resulted in collaboration on proposals.
- Continued to review and improve the LEPT website and the information held, and to distribute a monthly online newsletter.
- Continued to increase outreach through enhanced communications.
- Helped borough access European opportunities such as reference groups from existing projects or workshop attendance.
- Agreed a new schedule of activity and s.159 funding agreement for 2020/21.

Cross-Cutting Service Priorities

In 2019/20, we focused on the following cross-cutting service priorities:

- A continued focus on data protection and GDPR requirements, including:
 - implementing all outstanding actions from last year's reviews
 - agreeing an ongoing monitoring and review process for all data sets
 - ensuring all staff and contractors are fully trained, particularly on data breach reporting and management
- Focussing on efficiencies to reduce costs, including through further data sharing and exploring commercial opportunities such as advertising or sponsorship to generate new revenue streams.
- A continuing focus on customer service excellence.

LONDON RESILIENCE

The arrival of the coronavirus pandemic in London, a densely populated global city with a high proportion of vulnerable and disproportionately at-risk groups, presented an unprecedented set of urgent challenges for member boroughs supporting and protecting their communities. As their membership organisation, London Councils' priority has been to support boroughs in rising to the challenge; to act as a coordinating focus for the rapid sharing of accurate, timely and useful information to help boroughs communicate clearly and

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

consistently to their residents; and to make the case to government to ensure boroughs have the tools and resources they need to respond to the pandemic effectively and ensure London recovers as quickly as possible.

A fuller account of both London Councils and member boroughs' response to the Covid-19 pandemic will be included in the Annual Review presented to Leaders' later this year. In the meantime, our role in the capital's resilience structures is set out below.

London local authorities have a central role to play in responding to major emergencies and other significant crises in the capital. When such events happen, people expect councils to respond swiftly and effectively alongside other organisations, while continuing to deliver essential 'business-as-usual' services.

London Local Government Response to the Covid-19 Pandemic**Introduction**

London Local government's response to the pandemic has been grounded in established protocols and ways of working that have been developed through our shared commitment to building London's resilience and protecting Londoners. As the UK moved from the 'containment' phase to the 'delay' phase, our response was escalated in alignment with the establishment of a formal Covid-19 Strategic Coordination Group (SCG) for London. The strategic and tactical responses at local and pan-London level were subsequently strengthened through enhanced sub-regional co-ordination - to marshal the resources of boroughs as effectively as possible.

Background

London local government's collective resilience arrangements have grown in recent years, learning from the experience of significant events, including a series of notable emergency incidents throughout 2017. A programme of training and exercising has also helped to build resilience at a local and pan-London level, including learning from boroughs' participation in the national Exercise Cygnus in October 2016, which tested the response arrangements for a pandemic.

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

The London Resilience Forum formally agrees a number of partnership plans which respond to identified risks and collectively set out a platform for collaboration. This includes London's London Multi-Agency Pandemic Plan which was developed in 2018 and a Strategic Co-ordination Protocol. The London Resilience Group (LRG - a central team, within the GLA group) provides the secretariat to the SCG and supports partner organisations, each of whom have specific responsibilities for preparing for, and responding to, emergencies.

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

Emergency Planning into the 2020s

In 2017, London Councils Leaders' Committee commissioned an independent Peer Challenge, on London local government's collective resilience arrangements. The outcome of the work – the Emergency Planning

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

(EP) 2020 Prospectus – set out ways in which both individual and collective resilience arrangements between boroughs and sub-regional partnerships could be strengthened.

Leaders' considered the report in the Spring of 2018 and went on to agree a detailed implementation plan, which was received by Leaders' in July 2018. It was agreed that the Local Authorities' Panel (LAP – which has managerial oversight of the collective borough resilience arrangements) would oversee implementation and bring periodic progress reports to Leaders' Committee. A progress reports was duly considered in July 2019 and Leaders may wish to consider a further update from LAP later in 2020.

Recent initiatives that have been taken forward within the purview of the plan include.

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

London Councils officers worked over the last year with LAP colleagues, to assist delivery of the implementation plan. In the last year, this support has focussed on:

- Establishment of a Directors of Communications mutual support network including procedures, guidance and training, and maintenance of a cadre of Press Officers available to enhance capacity in affected boroughs when required.
- Working with Leading Elected Members to develop a 'Civil Resilience Handbook for Councillors in London Local Authorities' which was approved by Leaders in July 2019.
- London Councils went on to host two half-day training courses for Leaders, to illustrate how the guidance can be used in practice (October 2019 and January 2020). To supplement this, officers are working on materials and course outlines to support individual boroughs in running their own courses, including:
 - A generic course for all councillors, which authorities can deliver locally.
 - A more detailed, role-specific course for local Ward Councillors, which authorities may wish to deliver in partnership with neighbouring councils.
 - A course which is focused on role of Leaders/Directly Elected Mayors and other nominated Lead Cabinet Members.

Supporting the Covid-19 Response

Public Health England (PHE) colleagues provided a briefing to the London Resilience Forum at its regular quarterly meeting on 23 January 2020. This led to several workstreams being formally initiated, including the commissioning of an updated version of the London's London Multi-Agency Pandemic Plan, designed specifically to respond to the emerging evidence about the novel virus. By the end of January, all borough-level Resilience Forums were starting to review their own pandemic plans considering the revised pan-London framework.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

London's first formal cross-sectoral resilience partnership meeting took place in late February, this was a precursor to a special meeting of the Mayor's Advisory Group, which the Chair of London Councils attended on 2 March 2020 and the initiation of a formal Strategic Co-ordination Group (SCG) on 3 March 2020.

The SCG was initially chaired by Public Health England colleagues and included the regular duty London Local Authority Gold (LLAG) chief executive to represent the sector. As the scale of the incident became clearer, the structures were enhanced as follows:

An independent chair was introduced for the SCG, in part to relieve some of the demands on PHE. Jon Barradell, chief executive at the City of London and Eleanor Kelly, chief executive at Southwark became Co-Chairs – as confirmed in the Secretary of State (MHCLG)'s letter of 24 March 2020.

A dedicated Local Authority Gold chief executive was then introduced for the Covid 19 response – to provide continuity and release the regular on-call Gold chief executive to respond to any other incidents which might occur. Initially, this role was covered by Eleanor Kelly, working with the support of a number of other chief executives.

Subsequently, Martin Esom (Chief Executive at Waltham Forest) took the role of London Local Authority Co-ordinating 'Gold' chief executive for COVID-19, representing local authorities on the SCG. Martin has been supported by 'Deputy Gold' chief executives who cover sub-regional resilience footprints. A range of Task and Finish groups have been established, led by chief executives, covering key local government issues such as Adult Social Care, PPE and Shielding.

London's Gold response is also being supported by a wider group of chief executives, directors, professional networks, other staff and colleagues from London Councils

Individual boroughs have put business continuity plans into place and stood up local strategic and tactical response arrangements including setting up Borough Emergency Co-ordination Centres. There is a clear line of sight between these local arrangements, London Local Authority Co-ordinating Gold and the Strategic co-ordination Centre, which provides a channel to escalate and help resolve issues.

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

Councils are leading on a range of local initiatives, including developing hubs that will provide support to vulnerable people, in liaison with the NHS, voluntary organisations and other partners.

In addition, London Councils has offered support in relation to:

- Local Government Finance. Officers have actively engaged with Treasurers, SLT and MHCLG officials, as well as advising the Lead chief executive - to support boroughs prepare and assure their assessment of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London. This will help develop the case to Government around challenges for councils, particularly around loss of income (including Council Tax and business rates), as well as direct costs and undelivered savings. Clearly these issues remain vital going forward and Members may wish to reflect on finance and resource matters when they come to discuss this paper at the Executive.
- London Councils' chief executive has been a point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures.
- We have redirected internal resources to help meet the needs of the response (see Financial Implications section at the end of the report).

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- We updated the Civil Resilience Handbook for London Councillors, which we first published in 2019, to reflect the latest Government safety advice considering the Covid-19 Pandemic. This has been despatched to all elected councillors in London and is also available on our website.
- Communications support and advice, including providing daily updates and weekly video call briefings to borough directors of communications; co-ordinating borough participation in the #LondonTogether social media campaign, working with the SCG Comms Hub to respond to media enquiries on a pan-London basis, stakeholder engagement with the business and voluntary sectors and mortuary management leads, proactive communications support e.g. on the Proud to Care social worker recruitment campaign.
- Preparing a regular briefing for all elected members in London, which includes an overview of key issues and links to useful resources.
- Continuing our policy and influencing work, for example: on business, the economy and Community Safety. This included:
 - Monitoring key economic concerns across boroughs; making the case for support to local businesses and the self-employed and convening economic Development Leads.
 - Convened member level 'virtual meetings' in relation to Business and Economy Leads; TEC in relation to transport and the environment; Housing Leads; Community Safety; and Children's Services - including liaison with MPS leads and MOPAC.
 - Enabled statutory children's safeguarding partners, including children's services, the MPS and NHS, to meet at a London level, to consider the safeguarding and child protection risks to children and young people during lockdown, and reach collective agreement in respect of the need to heighten vigilance and maintain resourcing.
 - Worked with health partners to negotiate an advice note to borough and CCGs in respect of the operational implementation of emergency discharge funding arrangements.
 - Collated and cascaded borough innovation in practice to support households experience domestic violence and domestic abuse during lockdown.
- Harnessing London local government's collective capacity, and where appropriate, bridging to the professional networks and wider resilience structures, including:
 - Helping interpret the data which is being collected to provide a stock-take for LLAG and the SCG.
 - Working with Housing Directors to ensure arrangements will be in place to provide multi-layered support to those rough sleepers that are currently placed in temporary accommodation.
 - Working with LEDNET to develop guidance on opening Household Waste and Recycling Centres.
 - Initiating research and data gathering on waste storage capacity and the potential to collaborate with the private sector on areas, such as waste collection and disposal.
 - Working with the private sector to support key workers, such as car club and dockless bike operators which made their fleet available free or at lower cost for essential journeys, such as those done by NHS workers.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Working with ALDCS to convene pan-London discussions between commissioning leads to plan for mitigation and mutual aid in relation to high risk placements and care package providers.
- With professional networks, initiated the development of the key learning points for the future of collaborative working with the NHS in London.
- Optimised our services to contribute to the response:
 - Working with government and relevant agencies to develop national guidance for a pragmatic approach to enforcement of parking and traffic controls, including the introduction of permits for critical key workers.
 - Agreement was reached, following DfT advice, to temporarily keep paying non-TfL bus operators at pre-lockdown rates and for them to offer 24hr a day travel to Freedom Pass holders.
 - A temporary change to the Taxicard scheme has been introduced to allow scheme members to use Taxicard subsidies to have groceries and medicines delivered.
 - Suspended enforcement of the London Lorry Control Scheme to help the freight transport sector facilitate the necessary movement of essential goods and services.
 - Closed the London Tribunals hearing centre and developed a process to allow personal appeals for environment and traffic contraventions to be heard by telephone.
 - Working with other funders and the voluntary and community sector to continuously assess the stability of the sector (staffing, funding, increased demand on services), support contingency plans in response to the needs of Londoners and provide links across local, sub-regional, pan-London and national support structures.
 - London Ventures, the innovation partnership led by London Councils in partnership with EY, has worked with its wide range of partners and developed a range of Covid-19 specific products and services to support local government.

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

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

Financial information

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

- Statement of Responsibilities for the Statement of Accounts (page 27);
- Consolidated Comprehensive Income and Expenditure Statement (page 38);
- Consolidated Movement in Reserves Statement (page 39);
- Consolidated Balance Sheet (page 40);
- Consolidated Cash Flow Statement (page 41); and
- Notes to the Consolidated Accounts (pages 42 – 75).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	60,862	61,816	954
Income	(58,930)	(59,517)	(587)
Interest income and expenditure	(75)	389	464
Deficit for the year	1,857	2,688	831
Transfer from Reserves	(1,857)	(4,765)	(2,908)
Net Surplus for the year (including transfers from reserves)	-	(2,077)	(2,077)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £2.077 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	7,566	44,896	9,354	61,816
Total Income	(7,321)	(43,520)	(8,676)	(59,517)
Interest income and expenditure	16	12	361	389
(Surplus)/Deficit for the year	261	1,388	1,039	2,688
Transfer from Reserves	(360)	(1,718)	(2,687)	(4,765)
Net Surplus	(99)	(330)	(1,648)	(2,077)

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 48 and Appendices A and B on pages 76 and 77).

Grants Committee

The surplus of £99,000 is due to an underspend of £24,000 in respect of the payments to providers of S.48 commissioned services and £75,000 in respect of the administration of the main grants scheme.

The underspend on commissioned services relates primarily to a reduction in payments made to St Mungo Community Housing Association of £22,000 along with an amount of £2,000 being held back due to ongoing work.

The underspend on the administration of the main commissions is attributable to:

- an underspend of £39,000 in respect of employee costs due to vacancies, unused maternity provision and indirect employee costs such as training;
- an underspend of £27,000 for general running costs including central recharges; and
- an additional sum of £9,000 from investment income has been received on Committee reserves, not included in the budget.

For the ESF matched funded commissions, the programme completed on 30 June 2019, subject to finalisation of claims. Payments to providers of £828,000 have been recognised in the 2019/20 outturn figures. Due to the payment structure for ESF projects, higher levels of spend are recognised in the accounts towards the latter stages of projects, when outcomes (job entries and sustained jobs) can be verified. Administrative costs of £108,000 were incurred during the year resulting in a total cost of £936,000 for the match funded programme. These costs were funded by the ESF match funded grant of £471,000, deferred income in respect of advance payments to commissioned services of £209,000 and a transfer of funds held in reserves from previous borough contributions to the programme of £256,000.

Transport and Environment Committee

The surplus of £273,000 is attributable to:

- **Freedom Pass non-TfL bus services (-£333,000)**

In December 2018, TEC approved a budgetary provision of £1.3 million for 2019/20 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

£1.1m based on mid-year 2018/19 data plus a £200,000 contingency to cover potential new bus operators joining the scheme. Claims from operators amounting to £967,000 have been received and accepted for 2019/20, which has led to an underspend of £333,000, or 25.6%, which reflects a lower take up of new bus operators compared to the contingent element of the budget along with a fall in journeys and the withdrawal of one operator from January 2020.

- **Traded Services (-£91,000)**

The net surplus position of £91,000 is made up of a number of elements, which are regularly reviewed by TEC during the year. These are listed below:

Firstly, there are two elements where the effect on income and expenditure levels produces a neutral effect and does not change the overall net surplus position:

- A provisional overspend of £844,000 for increased payments to Northampton County Court, which is a borough demand led service for the registration of persistent non-payers of parking PCN's in the County Court at £7 per time. The costs are fully recovered from boroughs, leading to a compensating increased level of income collected for the year.
- Expenditure on congestion charging appeals, including the Ultra Low Emission Zone scheme (ULEZ) is estimated to be £605,000, £262,000 more than the budgetary provision of £353,000. The number of appeals represented by corresponding financial transactions posted in the accounts during the year was 17,707, which is 8,549 more than the budgeted figure of 9,158 which is largely due to the introduction of ULEZ. The throughput of appeals was calculated at 2.46 appeals per hour, compared to 1.93 per hour for 2018/19. However, as the cost of these appeals is recharged to the GLA/TfL at full cost, there was a corresponding increase in income due for the year of £262,000, which therefore has a zero effect on the Committee's provisional financial position for the year.

Secondly, there is a net surplus of £58,000 in respect of environmental and traffic appeals. The number of appeals and statutory declarations represented by corresponding financial transactions posted in the accounts during the year was 43,995 against a budget of 41,694, generating income of £1.131 million, £48,000 more than the budget estimate of £1.083 million. In addition, there is net underspend of £10,000 in adjudicators costs and contractor costs. The throughput of appeals was 3.79 appeals per hour, compared 3.54 appeals per hour for 2018/19.

Thirdly, the transaction volumes for other parking systems used by boroughs and TfL continue to fluctuate overall, resulting in a projected net cost of £10,000. On the expenditure side, this considers the pricing structure offered by Northgate and expenditure was £5,000 less than the £209,000 budget. On the income side, unit cost recharges to boroughs for 2019/20 were set by the full Committee in December 2018 and amounted to £567,000, £15,000 less than the £582,000 income target.

- **Lorry Control Administration/PCN income (-£377,000)**

The administration of the London Lorry Control Scheme underspent the budget of £858,000 by £100,000. This is attributable to small underspends on general office costs along with an underspend on the review of the LLC scheme of £91,000. The TEC Executive Sub-Committee will be asked to approve the carry forward of the underspend on the review of the LLC Scheme of £91,000 into 2020/21.

There was, however, a significant overachievement in the collection of PCN income of £144,000 above the budgetary provision of £900,000. This was due to continued effective performance of the outsourced enforcement function leading to increased transaction volumes and higher levels of debt

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

being raised and collected. Of the £1.044 million income due for the year, £193,000 has yet to be collected and has been registered with the County Court. The provision for impairment losses (bad debts) has been decreased by £133,000 in respect of this outstanding amount, in accordance with usual accounting practice.

- **Running Costs/Central Recharges (+£564,000)**

As advised to the Committee throughout the year within the Revenue Forecast reports, a review of how London Councils apportions its central costs between the three committees identified some overheads, which are attributed to members of staff working on TEC related activities, were not being fully passed on to TEC. This has now been addressed and has resulted in additional costs of approximately £420,000 being included in the TEC accounts. The remaining variances were due to several small overspends across various codes such as bank charges, which are covered by income receipts, and additional legal fees due to a review of TEC's governance arrangements.

- **Net Freedom Pass survey and issue costs (Net Nil)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Total expenditure for 2019/20 was £1.420 million, an underspend of £98,000. In addition, a sum of £985,000 was collected during 2019/20 in respect of replacement Freedom Passes, £235,000 in excess of the £750,000 budgetary provision, which reduces by £37,000 to £198,000 once bank charges are taken into account. In net terms, therefore, there was a surplus of £296,000, which, in accordance with approved TEC practice, will be transferred from the to the specific reserve created to fund future freedom pass renewal processes.

- **Freedom Pass 2020 Freedom Pass Renewal (Net Nil)**

During 2019/20 the 2020 freedom pass renewal process took place; the largest London Councils has undertaken since 2015. The total cost recognised during 2019/20 equated to £1.108 million, which was funded by a transfer from the specific reserve built up from previous underspends and surplus replacement pass income as detailed in the bullet point above.

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £8.312 million, £2.544 million below the revised total budgetary provision of £10.856 million. The most significant factor is that taxicard trips are reported down by 18% from the previous year. Due to the reduction in expenditure no boroughs were required to contribute to the scheme therefore boroughs will be refunded. The net refund to the Boroughs is £1.495 million. Payments received from TFL have therefore reduced in line with actual claims by £1.09 million during the year. This is after taking into account the management charge for LB of Barnet of £11,730 which TFL fund.

- Residual variances of -£93,000.

Joint Committee

The surplus of £1.648 million is attributable to:

- **Employee Costs (-£301,000)**

Employee costs underspent by £301,000, split between the following areas:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- £251,000 on salary costs including £20,000 in respect of member allowances. The officer salary variance is largely due to staff turnover and holding off recruiting to certain vacant posts during the period; and
- £50,000 in respect of the maternity cover provision not used during the year.

• Running Costs (-£175,000)

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

- A £21,000 saving across various Service Level Agreements London Councils has in place;
- Approximately £12,000 underspend on transport related expenditure;
- £125,000 saving on the budget allocated for suppliers and services including purchase of equipment and materials;
- £61,000 underspend on the depreciation charge for 2019/20 compared to the original budget of £253,000;
- Overspends across a number of categories of premises costs totalling approximately £28,000;
- Additional expenditure of £12,000 on consultant fees in respect of providing GLEF/ Regional Employers related training courses, along with £22,000 additional expenditure towards the Homelessness awards, both of which are matched by associated income.; and
- The remaining underspend is attributable to a number of small variances across several budget lines.

• Commissioning (-£284,000)

Expenditure on commissioning and other priority work amounted to £218,000 for the year, leading to an underspend of £284,000 against the revised budget of £502,000. £100,000 of this budget is committed to London Councils on going health work and will be rolled forward through reserves to be used to fund future health related priorities. The remainder of this budget is subject to developing proposals and is often impacted upon by the timing of commissioning work, the result of which has been an underspend in 2019/20.

• Challenge Implementation Fund (-£452,000)

Expenditure was allocated against this budget to address the priorities identified during the Challenge process. A significant proportion of this related to work to be carried out on the Southwark Street building to extend agile working arrangement, as previously agreed by members. However, due in part to external factors including the Covid-19 crisis, there have been delays in progressing the agile work programme resulting in a significant underspend. There are likely to be additional future costs arising from social distancing measures likely to be required at Southwark Street prior to bringing the building back into full use. With no specific budget set aside in 2020/21 to fund these priorities, members were asked to agree to a recommendation to carry forward the underspend on this budget in 2019/20 into 2020/21 to allow these initiatives to be progressed as soon as it is practical.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Other Income (-£194,000)**

This additional income is made up of several elements however much of the surplus is the net impact of:

- Income in respect of the Homelessness Award £22,000, which is matched by corresponding expenditure included in the underspend on running costs above;
- Additional income of £131,000 for the letting of meeting room facilities at Southwark Street, including room bookings by internal tenants;
- Additional Income of £24,000 for GLEF/Regional Employers related courses and other associated work, offset by the cost of consultants engaged to deliver some of the courses of £12,000, leading to net additional income of £12,000; and
- A £17,000 reduction in miscellaneous income such as charges for service.

- **Central Recharge Income (-£607,000)**

A detailed review of how London Councils apportions its central costs between the three committees identified an anomaly within the recharges model. This has now been rectified and has resulted in additional income of approximately £420,000 to the Joint Committee. Further adding to the 2019/20 surplus was additional income above the approved budget for externally funded projects of £89,000 and additional Tenant income of £98,000.

- **Externally Funded Projects (+£338,000)**

A provision of £338,000 in respect of the prospect of not fully recovering all the management and administration costs in relation to the current ESF borough funded commissions.

- Residual variances of (+£27,000).

Budget for 2020/21

On 3 December 2019, the Leaders' Committee approved a total expenditure budget for 2020/21 of £64.408 million, exclusive of the borough payments of £318.763 million to Transport for London (TfL) in respect of Concessionary Fares. The direct payments to TfL are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs artificially inflate London Councils income and expenditure. Total income sources, including the use of existing balances of £979,000 were also estimated to be £64.408 million, leaving a projected balanced budget for the year.

The current Covid-19 crisis is projected to influence the Committee's future finances due to a reduction in income from enforcement activities, the issue of replacement Freedom Passes, meeting room hire and tenant licences. There has also been expenditure incurred to ensure that London Councils continues its operations during the crisis. The current level of uncommitted reserves will provide a level of security should these projected deficits in income be realised by the year-end. The impact of the pandemic on the Committee's finances will be closely monitored during the course of the financial year.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

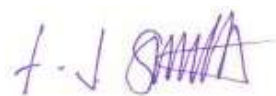
The Director of Corporate Resources' Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2020 and of its income and expenditure for the year then ended.



F Smith CPFA
Director of Corporate Resources

4 January 2021

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 17 September 2020, the statement of accounts were approved on behalf of the Committee.

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

Roger Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

4 January 2021

ANNUAL GOVERNANCE STATEMENT**Introduction****Covid-19**

The implications of the Covid-19 crisis on the affairs of London Councils are being closely monitored by its officers. The pandemic has already had an impact on London Councils' services such as the reduction to enforcement activities, replacement of Freedom Passes and meeting room hire. In addition to the income lost from the reduction of these services, there has been expenditure incurred to ensure that London Councils continues its operations and provides support to member boroughs and their constituents. Contractors have been asked to put in place contingency measures to maintain services. London Councils has taken measures to make sure that staff remain safe during this period by providing home working arrangements, signposting useful sources of information and commissioning health and safety risk assessments of the workplace. London Councils will continue to follow the government guidance on how to work safely during this period.

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The governance framework

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioner's model publication scheme and follows the provision for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and agendas, reports, background papers and minutes of meetings are published under this scheme.
- **Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year which feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives.
- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 4 June 2019. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders Committee has four other sub-committees which are the Audit Committee, Capital Ambition Board, Young People's Education and Skills Board (YPES) and Fire Safety Members Group. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders' Committee on 4 June 2019. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 4 June 2019. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2019. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.
- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.

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

ANNUAL GOVERNANCE STATEMENT (continued)

- **Audit Committee** –The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 4 June 2019. The Audit Committee meets three times a year and is chaired by a leading member from a borough. The members of the Audit Committee will not normally be members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.
- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of training and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a performance appraisal scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. There is a member only section on London Councils' website which provides them with useful information, regular briefings in specific policy areas and a forum for information exchange.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces annual statutory financial statements. Information on consultations, minutes of committee meetings and publications are posted on London Councils website www.londoncouncils.gov.uk. London Councils consults with Chief Officer groupings across boroughs in the development of its work.

ANNUAL GOVERNANCE STATEMENT (continued)

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

Review of effectiveness

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of Internal Audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2019/20.
- 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 2020/21

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2020/21:

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

An internal audit review on the Pan London Mobility Schemes was completed in 2018/19. The review assessed the effectiveness of controls in operation over the management of the Freedom Pass and Taxicard schemes. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the reporting of key performance indicators, the frequency of performance monitoring meetings, checks on contractors' compliance assessments and the publishing of eligibility criteria. Whilst most of the recommendations have been implemented, there are improvements to the Customer Management System that will be completed in 2020/21.

Procurement of Goods and Services

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

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

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

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.



John O'Brien
Chief Executive

4 January 2021



Cllr Georgia Gould
Chair of London Councils

4 January 2021

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

We have audited the non-statutory consolidated financial statements of London Councils Joint Committee (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Comprehensive Income and Expenditure statement, the Consolidated Movement in Reserves Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group at 31 March 2020 and of its expenditure and income for the year then ended in accordance with the basis of accounting except that it does not prepare single entity financial statement for London Councils Joint Committee as described in note 1a General Principles.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Director of Corporate Resources and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Committee's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Committee's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Corporate Resources use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or
- the Director of Corporate Resources has not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated financial statements are authorised for issue.

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

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

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of Responsibilities set out on pages 27, the Joint Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the consolidated financial statements, in accordance with the basis of accounting described in note 1a and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is Those Charged with Governance.

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

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

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

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

Use of our report

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

A handwritten signature in blue ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP
Appointed Auditor

London
Date 8 January 2021

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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

	Notes	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	7,566	(7,321)	245	8,288	(7,811)	477
London Councils Transport and Environment Committee	Appx B	44,896	(43,520)	1,376	44,460	(45,370)	(910)
London Councils Joint Committee	Appx C	9,354	(8,676)	678	9,762	(8,377)	1,385
Net Cost of Services		61,816	(59,517)	2,299	62,510	(61,558)	952
Financing and investment income and expenditure	7	644	(255)	389	896	(170)	726
Deficit on Provision of Services		62,460	(59,772)	2,688	63,406	(61,728)	1,678
Actuarial gain on pension assets/liabilities	9			(4,467)			(3,863)
Other Comprehensive Income and Expenditure				(4,467)			(3,863)
Total Comprehensive Income and Expenditure				(1,779)			(2,185)

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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.

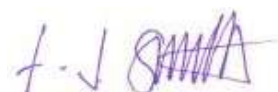
	2019/20		2018/19		Total Committee Reserves	Total Committee Reserves
	Usable Reserves	Unusable Reserves	Usable Reserves	Unusable Reserves		
	£000	£000	£000	£000	£000	£000
Balance at 1 April	14,726	(26,774)	13,921	(28,154)	(14,233)	(14,233)
Total Comprehensive Income and Expenditure	(2,688)	4,467	(1,678)	3,863		2,185
Adjustments between accounting basis and funding basis under regulations (note 6)	1,995	(1,995)	2,483	(2,483)		-
(Decrease)/Increase	(693)	2,472	805	1,380	2,185	2,185
Balance at 31 March	14,033	(24,302)	14,726	(26,774)	(12,048)	(12,048)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

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 2020	31 March 2019
		£000	£000
Property, Plant and Equipment	10	1,105	1,316
Intangible Assets	11	2	8
Long Term Assets		1,107	1,324
Short Term Debtors	12	7,297	9,187
Cash and Cash Equivalent	13	16,676	15,239
Current Assets		23,973	24,426
Short Term Creditors	14	(9,639)	(9,431)
Provisions	15	(447)	(225)
Current Liabilities		(10,086)	(9,656)
Long Term Creditors	16	(625)	(896)
Provisions	15	(490)	(613)
Other Long Term Liabilities	9	(24,148)	(26,633)
Long Term Liabilities		(25,263)	(28,142)
Net Liabilities		(10,269)	(12,048)
Usable Reserves	18	14,033	14,726
Unusable Reserves	20	(24,302)	(26,774)
Total Reserves		(10,269)	(12,048)

The notes on pages 42 to 75 form part of the accounts.



F Smith CPFA
Director of Corporate Resources

4 January 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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.

	2019/20 £000	2018/19 £000
Net deficit on the provision of services	(2,688)	(1,678)
Adjustments to net deficit on the provision of services for non-cash movements	4,191	1,421
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(242)	(163)
Net cash flows from Operating Activities (note 21)	1,261	(420)
Investing Activities (note 22)	176	(122)
Net increase/(decrease) in cash and cash equivalents	1,437	(542)
Cash and cash equivalents at 1 April	15,239	15,781
Cash and cash equivalents at 31 March	16,676	15,239

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Committee prepares its accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 except for the exception single entity financial statement for London Councils Joint Committee financial statements.

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

The Statement of Accounts has been prepared with reference to:

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

b Accruals of Income and Expenditure

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

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

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

1. Accounting Policies (continued)**e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.4% (2018/19: 2.4%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

1. Accounting Policies (continued)

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

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

Defined Contribution Pension Scheme

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

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

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

Currently the Committee has no borrowings.

Financial Assets

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

i Government Grants and Contributions

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

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

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

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

j Intangible Assets

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

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

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

l Interest in Companies and Other Entities

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

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

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

m Leases**Finance leases**

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

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

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

Operating leases

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

1. Accounting Policies (continued)**n Overheads**

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

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

o Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

- Leasehold Improvements – the 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.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

1. Accounting Policies (continued)**p Provisions**

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

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

q Reserves

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

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

r Value Added Tax

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) has introduced changes in accounting policies which will be required from 1 April 2020. If these had been adopted for the financial year 2019/20 there would be no material changes to the Committee's accounts as detailed below.

IAS 28 Investments in Associates and Joint Ventures – There is an amendment to this standard to clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Committee does have interests in associates or joint ventures so these amendments will not have an impact on the Committee's accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

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

IAS19 Employee Benefits – There is an amendment to this standard to clarify that where a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. These amendments are unlikely to have a material impact on the Committee's accounts.

Annual Improvements to IFRS Standards 2015-2017 cycle – The International Accounting Standards Board's (IASB) annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to international accounting standards. The primary objective of the process is to enhance the quality of standards, by amending existing ones to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. There are proposed amendments to IFRS3, *Business Combinations*, IFRS11, *Joint Arrangements*, IAS12, *Income Taxes* and IAS23, *Borrowing Costs*. These improvements will not have an impact on the Committee's accounts.

IFRS16 Leases – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard for one year in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2021. The Committee has entered into two property leases through its wholly controlled subsidiary London Councils Limited. The implementation of the standard will generate material assets and liabilities in respect of these leases.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

Government Funding

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

3. Critical Judgements in Applying Accounting Policies (continued)**Interest in Companies and Other Entities**

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

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

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Committee's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.687 million. However, the assumptions interact in complex ways. During 2019/20, Barnett Waddingham LLP advised that the net pensions liability had decreased by £9.888 million as a result of a change in financial assumptions.

Provisions

The Committee has made a provision of £937,000 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £94,000 to the annual contribution to the provision.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 4 January 2021. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

6A. Expenditure and Funding Analysis

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

	2019/20	2019/20	2018/19	2018/19	2018/19	
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Cost of Services						
London Councils Grants Committee	194	51	245	407	70	477
London Councils Transport and Environment Committee	976	400	1,376	(1,457)	547	(910)
London Councils Joint Committee	(235)	913	678	225	1,160	1,385
Net Cost of Services	935	1,364	2,299	(825)	1,777	952
Financing and investment income and expenditure	(242)	631	389	20	706	726
Deficit / (Surplus)	693	1,995	2,688	(805)	2,483	1,678
Opening Usable Reserve Balance	(14,726)			(13,921)		
Deficit / (Surplus)	693			(805)		
Closing Usable Reserve Balance	(14,033)			(14,726)		1,678

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

6B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2019/20:

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

Adjustments between funding and accounting basis during 2018/19:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	73	(3)	70
Transport and Environment Committee	543	4	547
London Councils Core Joint Committee	1,155	5	1,160
Net Cost of Services	1,771	6	1,777
Financing and investment income and expenditure	706	0	706
Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services	2,477	6	2,483

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

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

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

7. Financing and Investment Income and Expenditure

	2019/20	2018/19
	£000	£000
Interest Payable	13	7
Interest and Investment Income	(122)	(170)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	631	706
Impairment (gains)/losses for bad debts	(133)	183
Total	389	726

8. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2019/20, London Councils Transport and Environment Committee provided administrative support and infrastructure to the Road User Charging Adjudicators (RUCA) on behalf of the Greater London Authority under the terms of a service contract. The contract is charged on a cost recovery basis with income from satisfying performance obligations recognised over time.

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

	2019/20	2018/19
	£000	£000
Revenue from contract	(1,384)	(896)
Impairment of contract receivables (annual movement)	(2)	-
Total	(1,386)	(896)

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

	2019/20	2018/19
	£000	£000
Receivables (included in debtors)	713	508
Impairment of contract receivables	-	(2)
Total	713	506

In 2019/20, London Councils generated income from tenants licences and room hire income. Income is recognised over the period of the tenancy and hire respectively.

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

	2019/20	2018/19
	£000	£000
Revenue from contract	(435)	(427)
Impairment of contract receivables (annual movement)	-	-
Total	(435)	(427)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

8. Revenue from Contracts with Service Recipients (continued)

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

	2019/20 £000	2018/19 £000
Receivables (included in debtors)	92	68
Impairment of contract receivables	-	-
Total Receivables	92	68
Liabilities (included in creditors)	-	-
Total Liabilities	-	-

9. Pensions**Defined Benefit Scheme**

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

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

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

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

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2016, the employers' contribution towards the Future Service Rate was set at 12% of pensionable pay for the period 1 April 2017 to 31 March 2020.

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 167 different public sector and 'not for profit' organisations with assets totalling £6.1 billion. At the end of March 2019 the funding level was 108.6% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham).

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Pensions (continued)

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

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

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2019 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2019 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2020 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2020:

Assumptions as at:	31 March 2020 (% per annum)	31 March 2019 (% per annum)
RPI increases	2.7	3.4%
CPI increases	1.9	2.4%
Salary increases	2.9	3.9%
Pension increases	1.9	2.4%
Discount rate	2.4	2.4%

These assumptions are set with reference to market conditions at 31 March 2020.

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

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

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

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% p.a. below RPI i.e. 1.9% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor on the issue.

Salaries are assumed to increase at 1.0% p.a. above CPI which includes an allowance for promotions. This differs from the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Pensions (continued)

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. These assumptions have been updated from those adopted at the last accounting date. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 and an initial addition to improvements of 0.5% p.a.

This has been updated since the last accounting date where the demographic assumptions were based on those adopted for the Fund's 31 March 2016 valuation, with the exception of the base table projections where the CMI 2018 Model was used with a smoothing parameter of 7.0 and no initial addition to improvement rate. The impact of updating the demographic assumptions is set out in the Change in demographic assumptions figure in the reconciliation of the Fair Value of Employer's Assets at 31 March 2020.

The assumed life expectations from age 65 are shown in the table below. It shows the life expectancies at 31 March 2020 weighted by liability and unweighted. The life expectancies shown at 31 March 2019 are unweighted.

The assumed life expectations from age 65 are:

	31 March 2020	31 March 2019
Retiring today:		
Males	23.0	21.0
Females	24.6	23.6
Retiring in 20 years:		
Males	23.8	22.8
Females	26.0	25.2

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2020:

	At 31 March 2020		At 31 March 2019	
	£000	%	£000	%
Equities	29,231	54%	32,226	61%
Target return portfolio	13,953	26%	11,811	22%
Infrastructure	3,946	7%	2,305	4%
Property	5,376	10%	3,793	7%
Cash	1,652	3%	2,567	5%
	54,158	100%	52,702	100%

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. 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 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Fair value of employer assets	54,158	56,795
Present value of scheme liabilities	(78,243)	(83,357)
Net Liability	(24,085)	(26,562)
Present value of unfunded liabilities	(63)	(71)
Net Liability in Balance Sheet	(24,148)	(26,633)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Service cost	1,967	2,350
Net interest on the defined liability	631	706
Administration expenses	74	69
Total	2,672	3,125

The reconciliation of the Defined Benefit Obligation at 31 March 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Opening Defined Benefit Obligation	(83,428)	(80,721)
Current service cost	(1,967)	(1,775)
Interest cost	(2,000)	(2,037)
Change in financial assumptions	9,888	(4,268)
Change in demographic assumptions	(470)	4,264
Experience loss on defined benefit obligation	(530)	-
Estimated benefits paid net of transfers	640	2,100
Past service costs including curtailments	-	(575)
Contributions by scheme participants	(444)	(421)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	(78,306)	(83,428)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Opening Fair Value of Employer's Assets	56,795	52,702
Interest on assets	1,369	1,331
Return on assets less interest	(2,002)	3,867
Other actuarial gains	(2,419)	-
Administration expenses	(74)	(69)
Contributions by employer	690	648
Contributions by scheme participants	444	421
Estimated benefits paid plus unfunded net of transfers in	(645)	(2,105)
Closing Fair Value of Employer's Assets	54,158	56,795

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	76,619	78,306	80,031
Projected service cost	1,774	1,819	1,865
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	78,451	78,306	78,162
Projected service cost	1,820	1,819	1,818
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	79,893	78,306	76,753
Projected service cost	1,864	1,819	1,775
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	80,930	78,306	75,767
Projected service cost	1,880	1,819	1,760

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Return on plan assets in excess of interest	(2,002)	3,867
Other actuarial losses on assets	(2,419)	-
Change in financial assumptions	9,888	(4,268)
Change in demographic assumptions	(470)	4,264
Experience gain/(loss) on defined benefit obligation	(530)	-
Re-measurements	4,467	3,863

The projections for the year to 31 March 2021 is as follows:

	31 March 2021
	£000
Service cost	1,819
Net interest on the defined liability	559
Administration expenses	70
Total	2,448
Employers contribution	765

Defined Contribution Scheme

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. Pension contributions are based on a percentage of the monthly fee paid to adjudicators participating in the scheme. The Committee's contribution rate for the 2019/20 tax year was 3% (2018/19: 2%) while the adjudicators' minimum contribution rate was 5% (2018/19: 3%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	2019/20	2018/19
	£000	£000
Current period contributions	25	16

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

10. Property, Plant and Equipment

Movements in 2019/20:

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

Movements in 2018/19:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2018	1,087	1,951	3,038
Additions	250	31	281
Disposals	-	-	-
At 31 March 2019	1,337	1,982	3,319
Depreciation			
At 1 April 2018	954	837	1,791
Charge for the year	60	152	212
Charge relating to Disposals	-	-	-
At 31 March 2019	1,014	989	2,003
Net Book Value			
At 31 March 2019	323	993	1,316
At 31 March 2018	133	1,114	1,247

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

10. Property, Plant and Equipment (continued)

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

11. Intangible Assets

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

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

	31 March 2020	31 March 2019
	£000	£000
Balance at start of year:		
Gross carrying amount	39	35
Accumulated amortisation	(31)	(27)
Net carrying amount at start of year	8	8
Additions	-	4
Disposals	-	-
Amortisation for the period	(6)	(4)
Net carrying amount at end of year	2	8
Comprising:		
Gross carrying amount	39	39
Accumulated amortisation	(37)	(31)
	2	8

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

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

12. Short Term Debtors

	31 March 2020	31 March 2019
	£000	£000
Amounts owed by member authorities	1,668	2,294
Payments in advance	1,817	1,801
Other debtors	3,949	5,365
Impairment losses for bad debts	(137)	(273)
Total	7,297	9,187

13. Cash and Cash Equivalents

	31 March 2020	31 March 2019
	£000	£000
Cash held by the Committee	1,075	71
Cash balances held by the City of London	15,601	15,168
Total	16,676	15,239

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

14. Short Term Creditors

	31 March 2020	31 March 2019
	£000	£000
Amounts owed to member authorities	(6,699)	(7,027)
Receipts in advance	(543)	(383)
Accruals	(2,396)	(1,972)
Other creditors	(1)	(49)
Total	(9,639)	(9,431)

15. Provisions

	Property Lease Provisions £000
Balance at 1 April 2019	(838)
Additional Provisions made in 2019/20	(91)
Unwinding of discount	(13)
Amounts used in 2019/20	5
Balance at 31 March 2020	(937)

Analysis of Total Provisions:

	£000
Current	(447)
Non-current	(490)
Total Provision	(937)

The Committee has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016, March 2021 and March 2026 and dilapidation works to be carried out in March 2026. Some of the internal and external decoration work due in March 2016 has not yet been carried out.

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

16. Long Term Creditors

	31 March 2020	31 March 2019
	£000	£000
Amounts owed to member authorities	(550)	(786)
Accruals	(75)	(110)
Total	(625)	(896)

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

17. Financial Instruments

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

Financial assets:

	31 March 2020	31 March 2019
	£000	£000
Amortised cost	23,404	23,923
Total financial assets	23,404	23,923
Non-financial assets	1,676	1,827
Total assets	25,080	25,750

Financial liabilities:

	31 March 2020	31 March 2019
	£000	£000
Amortised cost	(11,047)	(11,024)
Total financial liabilities	(11,047)	(11,024)
Non-financial liabilities	(24,032)	(26,624)
Total liabilities	(35,349)	(37,648)

18. Usable Reserves

	31 March 2020	31 March 2019
	£000	£000
General Reserve	11,292	11,173
2020 Freedom Pass Re-issue Reserve	2,601	3,413
Special Projects Reserve	140	140
Total	14,033	14,726

19. Transfers to Specific Reserves

Transfers to the Specific Reserves during the year ended 31 March 2020:

	Balance at 1 April 2019	Transfer out	Transfer In	Balance at 31 March 2020
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	3,413	(1,108)	296	2,601
Special Projects Reserve	140	-	-	140
Total	3,553	(1,108)	296	2,741

Transfers to the Specific Reserves during the year ended 31 March 2019:

	Balance at 1 April 2018	Transfer out	Transfer In	Balance at 31 March 2019
	£000	£000	£000	£000
2020 Freedom Pass Re-issue Reserve	3,111	-	302	3,413
Special Projects Reserve	-	-	140	140
Total	3,111	-	442	3,553

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

19. Transfers to Specific Reserves (continued)

The Freedom Pass Renewal Reserve was established by TEC to accumulate funds to meet the cost of the Freedom Pass renewal exercises.

On 7 December 2017, TEC agreed to transfer a sum of £140,000 from the General Reserve to a Special Projects Reserve, to be used for priority projects as determined by the Committee.

20. Unusable Reserves

	31 March 2020	31 March 2019
	£000	£000
Pensions Reserve	(24,148)	(26,633)
Accumulated Absences Reserve	(154)	(141)
Total	(24,302)	(26,774)

Pensions Reserve

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

	2019/20		2018/19	
	£000	£000	£000	£000
Balance at 1 April		(26,633)		(28,019)
Actuarial (losses)/gains on pension assets and liabilities		4,467		3,863
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,672)		(3,125)	
Employer's pensions contribution and direct payments to pensioners payable in the year	690		648	
		(1,982)		(2,477)
Balance at 31 March		(24,148)		(26,633)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

20. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2019/20		2018/19	
	£000	£000	£000	£000
Balance at 1 April		(141)		(135)
Settlement or cancellation of accrual made at the end of the preceding year	141		135	
Amounts accrued at the end of the current year	(154)		(141)	
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		(13)		(6)
Balance at 31 March		(154)		(141)

21. Cash Flow Statement – Operating Activities

	2019/20		2018/19	
	£000	£000	£000	£000
Deficit on Provision of Services		(2,688)		(1,678)
Adjusted for:				
Current Service Cost Adjustment	1,351		1,771	
Depreciation	277		212	
Amortisation of Intangible Assets	6		4	
Net loss on Pension Scheme Assets/Liabilities	631		706	
Provision for liabilities and charges	99		68	
Decrease/(Increase) in Debtors	1,890		(1,672)	
(Decrease)/Increase in Creditors	(63)		332	
Adjustments for non-cash movements		4,191		1,421
Finance and investment expenditure	13		7	
Finance and investment income	(255)		(170)	
Adjustments for investing and financing activities		(242)		(163)
Net cash flows from Operating Activities		1,261		(420)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

22. Cash Flow Statement – Investing Activities

	2018/19	2018/19
	£000	£000
Finance and investment expenditure	(13)	(7)
Finance and investment income	255	170
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(66)	(285)
Total	176	(122)

23. Leases**Operating Leases**

The Committee uses leased properties under the terms of operating leases. The amounts payable under these arrangements during the year amounted to £1.08 million (2018/19: £1.08 million) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2020	31 March 2019
	£000	£000
Not later than one year	1,272	1,272
Later than one year and not later than five years	5,016	5,087
Later than five years	731	1,933
Total	7,019	8,292

24. Intragroup Transactions

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

	2019/20	2018/19
	£000	£000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	515	512
Income	(515)	(512)

25. Members' Allowances

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

	2019/20	2018/19
	£000	£000
Members' Allowances	231	218

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

26. Officers' Remuneration

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

Remuneration Bands	Number of Employees	
	2019/20	2018/19 (Restated)
£50,000 - £54,999	3	3
£55,000 - £59,999	2	2
£60,000 - £64,999	4	2
£65,000 - £69,999	-	2
£70,000 - £74,999	-	1
£75,000 - £79,999	4	1
£80,000 - £84,999	5	4
£85,000 - £89,999	1	-
£95,000 - £99,999	-	1
£100,00 - £104,999	1	3
£105,000 - £109,999	3	-
£110,000 - £114,999	1	1
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-
£125,000 - £129,999	-	1
£135,000 - £139,999	1	-
£150,000 - £154,999	-	1
£155,000 - £159,000	1	-

The comparative number of employees whose remuneration was £50,000 or more has been restated to exclude payments to parking and traffic adjudicators whose fees are paid through the payroll system for PAYE purposes but are not employees of London Councils.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

26. Officers' Remuneration (continued)

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

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive (John O'Brien)	156,014	-	-	156,014	18,722	174,736
Deputy Chief Executive	136,310	-	-	136,310	16,357	152,667
Director, Corporate Governance	105,773	-	-	105,773	12,657	118,430
Director, Corporate Resources	105,773	-	-	105,773	12,657	118,430
Director, Transport and Mobility	121,893	-	-	121,893	14,627	136,520
Strategic Director, Young People Education and Skills, Community Services and Grants	102,473	-	-	102,473	12,297	114,770
Director, Communications	105,473	-	-	105,473	12,657	118,130
Total	833,709	-	-	833,709	99,974	933,683

The Chief Executive's bonus for 2019/20 has not yet been agreed.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2018/19 is as follows:

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive (John O'Brien)	152,955	4,589	-	157,544	18,905	176,449
Corporate Director, Policy and Public Affairs	127,919	-	-	127,919	15,350	143,269
Director, Corporate Governance	103,405	-	-	103,405	12,409	115,814
Director, Corporate Resources	103,405	-	-	103,405	12,409	115,814
Director, Transport and Mobility	117,443	-	-	117,443	14,093	131,536
Strategic Director, Young People Education and Skills, Community Services and Grants	97,534	-	-	97,534	11,704	109,238
Director, Communications	103,405	-	-	103,405	12,409	115,814
Total	806,066	4,589	-	810,655	97,279	907,934

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

27. Termination Benefits

There were termination payments of £6,411 included in the Comprehensive Income and Expenditure Statement for 2019/20 (2018/19: Nil).

28. External Audit Costs

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

	2019/20 £000	2018/19 £000
Fees payable in respect of the audit of the Statement of Accounts and Employers' Association Return	42	38
	42	38

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

29. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2019/20 was £45.106 million (2018/19: £45.053 million). The total value of expenditure on rent, rates, professional fees and the distribution of grants paid to member boroughs during 2019/20 was £2.356 million (2018/19: £2.517 million). On 31 March 2020, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £1.668 million (2018/19: £2.294 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.253 million (2018/19: £7.813 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 2019/20 was £8.879 million (2018/19: £10.202 million). The total value of expenditure on charges during 2019/20 was £15,000 (2018/19: £19,000). On 31 March 2020, the value of debtor balances owed by TfL amounted to £794,000 (2018/19: £2.45 million) and the value of creditor balances owed to TfL amounted to £97,000 (2018/19: Nil).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

29. Related Parties (continued)**Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2019/20 amounted to £4.851 million (2018/19: £4,826 million). The total value of funding received from Central Government in 2019/20 amounted to £5,000 (2018/19: £97,000). On 31 March 2020, the value of debtor balances owed by central government bodies amounted to £1.055 million (2018/19: £1.037 million) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £347,000 (2018/19: £223,000).

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and members of London Councils Leaders Committee sit on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2019/20 was £695,000 (2018/19: £665,000). On 31 March 2020, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £1,000 (2018/19: £5,000).

30. Grant Commitments

The value of grant commitments in 2020/21 is £6.173 million.

31. Concessionary fares

These accounts do not include the amount of £320.913 million (2018/19: £322.924 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

32. Segmental Reporting

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

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2019/20

	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000
Cost of Services						
Borough commissioned services	6,149	(6,173)	(24)	6,093	(6,173)	(80)
ESF commissioned services	828	(624)	204	1,599	(1,103)	496
Cost of Services	6,977	(6,797)	180	7,692	(7,276)	416
Other Operating Expenditure	589	(524)	65	596	(535)	61
Financing and investment income and expenditure	25	(9)	16	29	(15)	14
Deficit on Provision of Services	7,591	(7,330)	261	8,317	(7,826)	491
Re-measurement of the net defined liability			(203)			(440)
Other Comprehensive Income and Expenditure			(203)			(440)
Total Comprehensive Income and Expenditure			58			51

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2019/20

	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000 Restated	2018/19 Gross Income £000 Restated	2018/19 Net £000 Restated
Cost of Services						
Freedom Pass and Taxicard services	32,442	(32,002)	440	33,527	(34,218)	(691)
Direct Services	10,614	(11,198)	(584)	9,642	(10,823)	(1,181)
Cost of Services	43,056	(43,200)	(144)	43,169	(45,041)	(1,872)
Other Operating Expenditure	1,840	(320)	1,520	1,291	(329)	962
Financing and investment income and expenditure	186	(174)	12	400	(44)	356
Deficit / (Surplus) on Provision of Services	45,082	(43,694)	1,388	44,860	(45,414)	(554)
Re-measurement of the net defined liability			(1,621)			(1,199)
Other Comprehensive Income and Expenditure			(1,621)			(1,199)
Total Comprehensive Income and Expenditure			(233)			(1,753)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2019/20

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

	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000
Cost of Services						
Challenge Implementation Fund	71	(71)	-	208	(208)	-
Externally Funded Projects	2,678	(2,340)	338	2,155	(1,871)	284
Improvement and Efficiency	123	(123)	-	23	(23)	-
Research and Commissioning	218	(218)	-	487	(487)	-
YPES Regional Activity	27	(180)	(153)	51	(180)	(129)
Net Cost of Services	3,117	(2,932)	185	2,924	(2,769)	155
Other Operating Expenditure	6,752	(6,259)	493	7,350	(6,120)	1,230
Financing and investment income and expenditure	433	(72)	361	467	(111)	356
Deficit on Provision of Services	10,302	(9,263)	1,039	10,741	(9,000)	1,741
Re-measurement of the net defined liability			(2,643)			(2,224)
Other Comprehensive Income and Expenditure			(2,643)			(2,224)
Total Comprehensive Income and Expenditure			(1,604)			(483)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2019/20 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £515,000 (2018/19: £512,000) and income of £515,000 (2018/19: £512,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to London Councils Transport and Environment Committee.

These amounts are removed on consolidation as follows:

	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000
Net Cost of Services	3,117	(2,932)	185	2,924	(2,769)	155
Other Operating Expenditure	6,752	(6,259)	493	7,350	(6,120)	1,230
	9,869	(9,191)	678	10,274	(8,889)	1,385
Recharge of premises costs	(515)	515	-	(512)	512	-
Amount included in Consolidated Income and Expenditure Statement	9,354	(8,676)	678	9,762	(8,377)	1,385

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2019/20 £000	2018/19 £000
Staff costs	4,535	4,762
Premises costs	1,407	1,659
Other running costs	810	929
Total	6,752	7,350

GLOSSARY

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

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

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

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

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

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

Financial Instrument

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

Financial Liability

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

Fixed Assets

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

Historical Cost

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

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

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

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

Residual Value

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

Service Recipient

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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