

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:

LONDON COUNCILS

Year ended:

31 March 2022

List No:

252E

Head or Main Office:

59½ SOUTHWARK STREET

LONDON

Postcode

SE1 0AL

Website address (if available)

www.londoncouncils.gov.uk

Has the address changed during the year to which the return relates?

Yes

No

('X' in appropriate box)

General Secretary:

STEVE DAVIES

Contact name for queries regarding the completion of this return:

RICHARD MERRINGTON

Telephone Number:

2079349722

E-mail:

richard.merrington@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 Julian Bell	Cllr Peter Mason	08 June 2021
Member	Cllr Joeseeph Ejiofor	Cllr Peray Ahmet	08 June 2021
Member	Cllr Richard Watts	Cllr Kaya Comer-Schwartz	08 June 2021
Member	Cllr Jack Hopkins	Cllr Claire Holland	08 June 2021
Member	Cllr Clare Coghill	Cllr Grace Williams	07 December 2021

List of Leaders' Committee

At 31 March 2022

Name	Position
Cllr Georgia Gould	Chair
Cllr Darren Rodwell	Deputy Chair
Cllr Ruth Dombey OBE	Vice Chair
Cllr Catherine McGuinness	Vice Chair
Cllr Teresa O'Neill OBE	Vice Chair
Cllr Hamida Ali	Member
Cllr Mark Allison	Member
Cllr Jas Athwal	Member
Cllr Peter Mason	Member
Mayor John Biggs	Member
Cllr Muhammed Butt	Member
Cllr Nesil Caliskan	Member
Cllr Elizabeth Campbell	Member
Cllr Grace Williams	Member
Cllr Stephan Cowan	Member
Cllr Steve Curran	Member
Cllr Ian Edwards	Member
Mayor Damien Egan	Member
Cllr Peray Ahmet	Member
Mayor Rokshana Fiaz OBE	Member
Mayor Philip Glanville	Member
Cllr Ravi Govindia	Member
Cllr Graham Henson	Member

Cllr Claire Holland	Member
Cllr Caroline Kerr	Member
Cllr Rachel Robathan	Member
Cllr Gareth Roberts	Member
Cllr Colin Smith	Member
Cllr Daniel Thomas	Member
Cllr Danny Thorpe	Member
Cllr Kaya Comer-Schwartz	Member

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
46,318,845	From Members	Subscriptions, levies, etc	45,105,175	45,105,175
	Investment income	Interest and dividends (gross)		
222,217		Bank interest (gross)	85,316	85,316
		Other (specify)		
-558,000		Net return on pension assets/liabilities	-841,000	-841,000
		Total Investment Income	-755,684	-755,684
-335,783	Other Income	Rents received	70,439	70,439
61,540		Insurance commission		
		Consultancy fees		
1,680		Publications/Seminars	5,158	5,158
		Miscellaneous receipts (specify)		
10,230,036		Other operating income	12,334,390	12,334,390
		Actuarial gain on pension scheme	14,544,000	14,544,000
		Total of other income		26,953,987
10,293,036		Total income		71,303,478
56,276,318		Interfund Transfers IN		
	Expenditure			
9,840,545	Administrative expenses	Remuneration and expenses of staff	11,053,269	11,053,269
1,889,569		Occupancy costs	2,219,040	2,219,040
59,298		Printing, Stationery, Post	56,587	56,587
63,906		Telephones	53,979	53,979
1,542,648		Legal and Professional fees	2,405,329	2,405,329
		Miscellaneous (specify)		
		Total of Admin expenses		15,788,204
13,395,965	Other Charges	Bank charges	188,198	188,198
43,751		Depreciation	276,769	276,769
249,748		Sums written off		
		Affiliation fees		
		Donations		
47,401		Conference and meeting fees	82,409	82,409
		Expenses		
		Miscellaneous (specify)		
26,974,429		Payment to Transport Operators	24,913,684	24,913,684
8,020,531		Grants to Voluntary Organisations	7,314,940	7,314,940
16,590,000		Actuarial loss on pension scheme		
9,699,938		Other operating expenditure	12,647,519	12,647,519
61,625,799		Total of other charges		45,423,519
		Taxation		
75,012,764		Total expenditure		61,211,723
		Interfund Transfers OUT		
-18,745,446		Surplus/Deficit for year		10,091,755
10,269,025		Amount of fund at beginning of year		-29,014,471
-29,014,471		Amount of fund at end of year		-18,922,716

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)	

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period		837,162	246,864	1,084,026
Additions during period			56,501	56,501
Less: Disposals		-85,260		-85,260
Less: Depreciation		-170,684	-106,085	-276,769
Total to end of period		581,218	197,280	778,498
Book Amount at end of period		581,218	197,280	778,498
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets		581,218	197,280	778,498

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

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
Income		
From Members	45,105,175	45,105,175
From Investments	-755,684	-755,684
Other Income (including increases by revaluation of assets)	26,953,987	26,953,987
Total Income	71,303,478	71,303,478
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	61,211,723	61,211,723
Funds at beginning of year (including reserves)	-29,014,471	-29,014,471
Funds at end of year (including reserves)	-18,922,716	-18,922,716
ASSETS		
Fixed Assets		778,498
Investment Assets		
Other Assets		22,292,492
Total Assets		23,070,990
Liabilities		
Total Liabilities		41,993,706
Net Assets (Total Assets less Total Liabilities)		-18,922,716

Summary Sheet

(see notes 24 to 33)

		All Funds	Total Funds
		£	£
Income			
	From Members		
	From Investments		
	Other Income (including increases by revaluation of assets)		
	Total Income		
Expenditure (including decreases by revaluation of assets)			
	Total Expenditure		
Funds at beginning of year (including reserves)			
Funds at end of year (including reserves)			
ASSETS			
	Fixed Assets		
	Investment Assets		
	Other Assets		
	Total Assets		
Liabilities			
	Total Liabilities		
Net Assets (Total Assets less Total Liabilities)			

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 2022 are attached to this return. The notes to the accounts can be found on pages 27 to 59 of the Consolidated accounts.

Accounting policies

(see notes 35 & 36)



The accounting policies can be found on note 1 which is on pages 27 to 35 of the Consolidated Statement of Accounts for London Councils Joint Committee for the year ended 31 March 2022 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: 
Name: Steve Davies	Name: Cllr Georgia Gould
Date: 15 March 2023	Date:

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)


London Councils AR27 Return

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 2022 (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 Joint Committee financial statements for the year ended 31 March 2022. 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 Joint Committee 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 Joint Committee 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

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:	28 March 2023	
Contact name for enquiries and telephone number:	Ibukun Oluwasegun +44 (0)20 7728 3116	

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 2022

LONDON COUNCILS – JOINT COMMITTEE

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

Annual Review

Prologue

The start of the period covered in this review saw the first significant easing of some of the previous Covid restrictions, including an end to the stay-at-home order and limitations on households meeting beginning to be eased.

While the threat of Covid-19 remains an ongoing concern, with daily impacts on services across London, the past year has seen the capital return to much higher levels of activity. At the same time, boroughs' efforts have increasingly moved from the emergency footing of dealing with the immediate challenges of the pandemic, and are increasingly focused on the need to ensure London and its communities quickly and effectively support London through the cost of living crisis and recover from the pandemic's impacts as we all look to build back better.

Our 2020/21 annual review set out two particular aspects of our work that had been identified as central to our ambitions to help London build back better: **Tackling Racial Inequality** and our work to combat and mitigate the impact of **Climate Change** on the capital, its residents, businesses and visitors.

We are able to report that there has been good progress in taking this work forward over the past 12 months.

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

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

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

Tackling Racial Inequality in London

We continued to drive and deliver the London local government **Tackling Racial Inequality programme** as an effective example of collaboration across boroughs to address racial injustice and inequality at a regional and local level.

Outputs from the programme in 2021/22 include establishing and supporting **five working groups** populated by around 200 volunteers that comprise officers from every borough, coming from different levels of seniority within their organisations and possessing a range of different skills and expertise. Each working group is taking forward work in a specific area of: Best Practice, Communications and Engagement, Demonstrating Leadership, Large Employer and Data Analysis. [Further details on their activity is available in the first report from the Tackling Racial Inequality Programme \(Feb 2022\)](#)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)

As a large employer itself, and one that is committed to demonstrating leadership in tackling racial inequality, London Councils published its first **Corporate Race Equality Strategy** in spring 2022. The Strategy sets out how, over the next three years, London Councils will strive to become an organisation where race equality is at the heart of everything we do - meaning that race equality is active in the way we operate, in our work for London and Londoners and in the way we work with our partners and stakeholders. Our Corporate Race Equality Strategy describes our plan to ensure this approach is embedded within London Councils.

The Race Equality Strategy covers a clear timeline up to 2023 and a number of specific outcomes have been delivered in the past year, including:

Establishing both a **Race Equality Working Group** and a **Race Equality Staff Network**. Based on wide engagement with staff across London Councils, the race Working Group reported to London Councils' Corporate Management Team (CMT) in October 2021, setting out a number of immediate and long term objectives.

That report's recommendations were agreed by CMT and progress since has included:

- Ongoing **staff engagement** focused on understanding perspectives and priorities on race equality
- Delivering a first annual **Race & Inclusivity Survey**
- Focused departmental workshops
- Establishing a **focus group with Black, Asian and Minority Ethnic staff**
- Securing the commitment to **all-staff training, learning and development on race equality**.
- Trialling of the **BeApplied recruitment platform** to address unconscious bias in recruitment.

Climate Change Strategy

The past year has seen great progress made on London Councils' ambitious **Climate Change Programme**, which has included the publication of a comprehensive set of detailed action plans across seven specific climate change programmes and the establishment of key knowledge partnerships with leading universities.

Each of London Councils' seven individual Climate Change Programmes is led by one or two lead boroughs who will oversee and drive forward the implementation of each action plan. These include:

Retrofit London - Retrofitting all domestic and non-domestic buildings to an average level of EPC B by 2030. Launched last year and led by LB Enfield and LB Waltham Forest.

Low Carbon Development – Securing and increasing low carbon buildings and infrastructure through borough planning. Led by LB Hackney.

Low Carbon Transport - Halving road journeys made by petrol and diesel, through restricting polluting journeys and implementing and encouraging people to use active travel options. Led by RB Kingston and City of Westminster.

Renewable Power for London - Securing 100% renewable energy for London's public sector now and in the future. Led by LB Islington.

One World Living - Reducing consumption emissions by two thirds, focusing on food, clothing, electronics and aviation. Led by LB Harrow.

Building the Green Economy - Developing London's low carbon sector and making our broader economy greener. Led by LB Hounslow.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)

To ensure the transition to Net Zero is a just one, the plans have been designed to **address and tackle inequalities across London's diverse communities**. They also highlight the need for more funding to tackle the climate emergency, highlighting that minimising climate change to safe levels will only be successful if we have proper funding and collaborate across all sectors to achieve it. The action plans also call for an expansion in green skills and jobs in order to carry out this ambitious, vital programme of work.

London Councils and London Higher also facilitated a series of innovative **knowledge partnerships** between five of the borough-led climate programmes and four universities across London.

The knowledge partnerships will connect academics and policymakers to support the work of the borough-led, pan-London climate programmes. This will enable boroughs to use the best available evidence and data in their work and help higher education partners boost their role in civic leadership. The knowledge partnerships will also further the collaborative nature of delivery across borough boundaries, professional networks and with many partner organisations.

London Councils, Core Cities, and the Connected Places Catapult jointly worked to establish the **UK Cities Climate Investment Commission** to make the investment case for local net zero programmes and interventions. Using our collective networks and capabilities, we are seeking to leverage the combined scale of cities to mobilise finance and drive investment into low and net zero carbon projects across all of the UK's largest cities, rather than individual ones.

The **UK CCIC officially launched on 1 July 2021** during London Climate Action Week. London Councils Executive Members, officers and partner organisations promoted the UK CICC, and London Councils Climate Programmes at **COP26 in Glasgow**.

In addition, in 2021

- Measured and published the **first ever borough-level consumption-based emissions accounting for London**, which will now be published annually co-commissioned by London Councils, GLA and ReLondon. The methodology used is the same that is used for all local authorities in England and Wales.
- Delivered **more than 4,000 (4,145) electric vehicle (EV) charge points** with GULCS and **helped boroughs obtain additional £13 million for charge point delivery** through the government's 'On street Residential Charge point Scheme' (ORCS), which will deliver an additional 6,000 charge points by 2023.
- Successfully collaborated with TfL on developing and delivering **the biggest E-scooter trial in the country** with ten boroughs' involvement and three operators identified through a robust, joint procurement exercise.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)

Other significant areas of work, outputs and achievements in 2021/22 include:

The London Councils Grants Committee agreed funding for **a new four-year pan-London grants programme to tackle homelessness and combat domestic and sexual abuse**. The 2022-26 grants programme will see over £6 million invested each year in tackling two of the most serious issues facing the capital: homelessness; and domestic and sexual abuse.

We developed an **Economic Recovery Framework** for London jointly with the GLA, working with boroughs and sub-regions and agreed by the London Recovery Board. The framework sets out five pillars for recovery and the contribution of boroughs, sub-regions and the GLA.

We developed a ‘No Wrong Door’ approach to employment and skills provision in London with the GLA, **making services easier to access by Londoners and employers and secured funding for this to achieve better integration of services across the four sub-regions**. The programme is now starting its delivery.

We established a new **Strategic Engagement Forum** for London with the Department for Work and Pensions (DWP) to develop a shared understanding of London’s labour market and explore how our collective provision can work together better to support Londoners into work.

We developed a Memorandum of Understanding around **co-locating employment and other services with Jobcentre Plus** that boroughs and JCP can use as a template to start these discussions.

We launched the **Pledges for Business** in July 2021 setting out what boroughs can do to create an environment locally in which businesses can thrive and developed a programme to support boroughs to deliver this.

We **successfully lobbied to ensure that London received a fair share of the UK Shared Prosperity Fund (UKSPF)** relative to other local areas nationally. The UKSPF replaces European funds for local economic growth and London’s share of the UK total remained the same.

We **developed and agreed London Councils’ narrative around the government’s ‘Levelling Up’**, which influenced the statement from the London Recovery Board on levelling up.

We launched the results of a survey of more than 1,000 London businesses – **the Business 1000 survey** – with the London Chamber of Commerce, with a focus on business views on the economy, skills and apprenticeships and climate change. We use the results of the survey to support our lobbying on these issues.

The London Office of Technology and Innovation (LOTI) published the first-ever comprehensive **study of digital inclusion activity across the capital**, highlighting the range of local support available and proposing pan-London measures to bridge the digital divide

We held the **2021 London Borough Apprenticeship Awards** on-line in September to celebrate the contribution of apprentices and the people that support them across the London boroughs and their suppliers

We continued to support London boroughs to **share practice and approaches to administer over £10 billion of grants quickly to local business in response to the pandemic**, whilst guarding against fraud

Working with the Violence Reduction Unit, we delivered the **Your Choice violence reduction programme** – helping skilled and experienced practitioners to deliver therapeutic techniques to help support 2,500 young people who need it most.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)

We led a **campaign to highlight the significant pressures facing transport services for children and young people with SEND**, including engagement with the Secretary of State for Education and recognition in the newly published SEND Green.

We established the **Community Engagement Network** bringing together engagement and communication leads across London to share innovative practice and learning

We established a **bridging hotels task and finish group to gather and share information and best practice for supporting the 4,000 Afghan refugees placed in London bridging hotels**; worked with government to resolve key issues and ensure local government was reimbursed for providing support to develop the 'fair share' proposal so councils across London and the UK play an equal part in supporting families to integrate into local communities. The Leaders of London boroughs agreed to the fair share proposal in October 2021, and the government announced its decision to introduce a new asylum dispersal policy and additional funding for councils supporting asylum seekers in April.

Looking Ahead: Our Shared Ambitions

The health and economic crisis in 2020 and 2021 motivated our leaders to work even closer together irrespective of party affiliation to promote Londoners' shared interests on a variety of topical issues, including the extension of the furlough scheme and London's vaccination campaign.

Building on the co-operative work Leaders and staff were involved in during the coronavirus pandemic, London Councils elected officers and the organisation's senior management team met over autumn 2021 and developed four core areas of the Leaders 'Shared Ambitions' for London Councils and for London. These were based around: **Political Leadership**, London Councils as a **trusted partner**, a **focus on pan-London efforts** and **championing innovation and practice**.

Taking the initial feedback from leaders, the iterative process of turning it into a business plan by summer 2022 began by breaking the core areas into six objectives. Three of the six objectives are outcomes focused: **London's Future**, **Climate and Net Zero**, and **Prevention and the Local Authority Role in Wellbeing**. The other three are more value-focused: **Our Value Proposition to Boroughs**, **London's Voice**, and **Organisational Development**.

Collaboration across London also drove London's ambitious recovery programme, overseen by London's Recovery Board which is co-chaired by our Chair and the Mayor of London. Those missions have goals out to 2030 and we remain committed to them. Delivering the Shared Ambitions on London's future, climate change and voice will contribute to those missions.

A series of 'milestone' based around the **Shared Ambitions** will form the organisation's key strategic framework up to the end of 2023. The Shared Ambitions milestones will direct resources and time towards the organisation's key priorities and help teams make decisions when choosing their key areas of focus on lobbying and partnership building. They will also help us choose strategically key organisations we want to work closer with in order to achieve this ambitious agenda. These milestones will need to remain flexible, and staff will need to work closely with Leaders to ensure that our priorities remain up-to-date and current in light of possible economic and policy changes that might impact London's landscape.

The Shared Ambitions priorities, objectives and key milestones to delivering them were due to be presented to London Councils' Executive and Leaders' Committee for approval during summer 2022.

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 10);
- Consolidated Comprehensive Income and Expenditure Statement (page 23);
- Consolidated Movement in Reserves Statement (page 24);
- Consolidated Balance Sheet (page 25);
- Consolidated Cash Flow Statement (page 26); and
- Notes to the Consolidated Accounts (pages 27 – 59).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	60,059	61,073	1,014
Income	(56,853)	(57,515)	(662)
Interest income and expenditure	(65)	895	960
Deficit for the year	3,141	4,453	1,312
Transfer from Reserves	(3,141)	(5,833)	(2,692)
Net Surplus for the year (including transfers from reserves)	-	(1,380)	(1,380)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £1.38 million is split over the three funding streams as follows:

	Grants Committee	Transport, and Environment Committee	Joint Committee	Total
	£000	£000	£000	£000
Total Expenditure	7,374	42,530	11,169	61,073
Total Income	(6,679)	(41,680)	(9,156)	(57,515)
Interest income and expenditure	31	245	619	895
Deficit for the year	726	1,095	2,632	4,453
Transfer from Reserves	(735)	(1,910)	(3,188)	(5,833)
Net Surplus	(9)	(815)	(556)	(1,380)

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 33 and Appendices A and B on pages 60 and 61).

Grants Committee

The surplus of £9,000 is due to an underspend of £53,000 in respect of the payments to commissioned services and an overspend of £44,000 in respect of the administration of the scheme.

As part of the approved monitoring arrangements, officers review financial information including the audited accounts of funded organisations at the end of the year. This has identified some underspends on commissioned services mainly due to accumulated underspends of less than £10,000 against anticipated budgets for six grant funded organisations.

The overspend on the administration costs is attributable to:

- an overspend on operating expenditure of £14,000 made up of an overspend on employee costs of £28,000 offset by an underspend on running costs and central recharges of £14,000;
- expenditure of £38,000, not originally budgeted for, on the evaluation of the main S.48 grants programme and the S.48 ESF match funded grants programme, which are required at the end of both programmes. The cost of the evaluation is partially offset by £11,000 of ESF grant income;
- additional expenditure of £11,000 recognised in the accounts as a result of changes in the fair value of short-term cash bonds held by the City of London due to global economic events which have reduced the value of investments held;
- an additional sum of £8,000 from investment income has been received on Committee reserves, which was not included in the budget

Following the completion of ESF programme on 30 June 2019 some residual costs incurred were incurred in 2021/22. Members agreed in March 2020 to utilise the remaining balances held in reserves to increase Priority 1 and 2 grants for the sole purpose of increasing immigration advice for service users with no recourse to public funds. Of the £945,000 set aside for this programme, £327,000 of which remained available in 2021/22, with final payments of £319,000 being made during the year.

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

The surplus of £815,000 is mainly attributable to:

- **Freedom Pass non-TfL bus services (-£326,000)**

The level of trips made in the claims submitted by the independent bus operators continues to be impacted upon by the Covid-19 pandemic, which was reflected when setting the 2021/22 budget. There is an ongoing recovery however actual expenditure of £774,000 for 2021/22 remains a significant underspend on the annual budget of £1.1 million.

- **Lorry Control Administration/PCN income (-£490,000)**

The administration of the London Lorry Control Scheme underspent the revised budget of £911,000 by £196,000. This is attributable to small underspends on general office costs along with an underspend on the review of the scheme of £141,000. As a result to delays to the review, largely due to the Covid-19 pandemic. Members have agreed to carry this forward to 2022/23.

Enforcement of the London Lorry Control Scheme has seen a significant recovery since the pandemic. The number of PCNs issued have returned to normal levels and this recovery has meant that there is a surplus against the reduced budget of £1 million. The bad debt provision has been increased by £8,000 in respect of this outstanding amount, in accordance with usual accounting practice.

- **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 2021/22 was £1.599 million, an overspend of £81,000. A large proportion of this was on work carried out to improve the website for the Freedom Pass service, which should result in ongoing future years savings. In addition, a sum of £820,000 was collected during 2021/22 in respect of replacement Freedom Passes, £220,000 above the £600,000 budgetary provision. In net terms, there was a surplus of £139,000, which, in accordance with approved TEC practice, will be transferred from the provisional surplus to the specific reserve created to fund the future freedom pass renewal process.

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £8.040 million, £2.407 million below the revised total budgetary provision of £10.447 million. The most significant factor is that the number of taxicard trips was significantly impacted by the Covid-19 pandemic.

Due to the reduction in expenditure, no boroughs were required to contribute to the scheme cost; therefore, boroughs will be refunded for any actual contributions made. The net refund to the Boroughs is £1.588 million. TfL fund the scheme cost in arrears, based on actual trips data from the preceding quarter. Payments received from TfL have therefore reduced in line with actual claims by £819,000 during the year.

Joint Committee

The surplus of £556,000 is mainly attributable to:

- **Employee Costs (-£453,000)**

Employee costs underspent by a net amount of £453,000, largely due to staff turnover and holding off recruiting to certain vacant posts during the period, some of which are senior positions. However, this has resulted in increased recruitment costs when these roles are filled which are included within running costs below. Further underspends of £15,000 on members allowances, £50,000 on the maternity cover provision, a reduced pay award compared to budget and £23,000 on a Recovery Officer due to timing of secondment costs, have contributed to this variance.

- **Commissioning (-£227,000)**

Expenditure on commissioning and other priority work amounted to £375,000 for the year, leading to an underspend of £227,000 against the revised budget of £602,000. £200,000 of this budget is committed to London Councils for health-related work and will be rolled forward through reserves to be used to fund health-related partnership working with the NHS (London Region), OHID and UKHSA (London Region) and Greater London Authority. London Councils utilised a proportion of this underspend in 2021/22 to take forward work on pandemic learning for integration of health and care, and has committed a contribution to partnership support for pan-London work on mental health and healthy weight. 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 2021/22.

- **Tenant and Room Hire Income (+£214,000)**

There was an underachievement of income from tenant licences and the hire of meeting rooms which did not fully recover from the impact of the Covid-19 pandemic.

- Residual variances of £24,000.

The Covid-19 pandemic has continued to have an impact on the Committee's finances due to a reduction in tenant licences and meeting room hire. The current level of uncommitted reserves will provide a level of security and the impact of the pandemic on the Committee's finances will continue to be closely monitored during the course of the current financial year.

Budget for 2022/23

On 7 December 2021, the Leaders' Committee approved a total expenditure budget for 2022/23 of £53.253 million, exclusive of the borough payments of £201.593 million to Transport for London (TfL) in respect of Concessionary Fares. The direct payments to TfL are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs artificially inflate London Councils income and expenditure. Total income sources, including the use of existing balances of £1.879 million were also estimated to be £53.253 million, leaving a projected balanced budget for the year.

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

The Committee is required to:

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

The Director of Corporate Resources' Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2022 and of its income and expenditure for the year then ended.

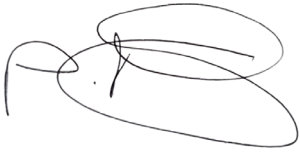


David Sanni CPFA FCCA
Director of Corporate Resources

10 February 2023

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held on 2 February 2023, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the name of the signatory.

Cllr Peray Ahmet
Chair of London Councils' Audit Committee

10 February 2023

ANNUAL GOVERNANCE STATEMENT**Shared Ambition for London Councils**

Over the summer of 2021, the Group Leaders of London Councils¹ (the Committee) reflected on their ambitions for London and Londoners. This reflection came after a period of intense and productive collaboration across London through the pandemic: a collaboration based on shared values which they want to continue into the recovery and beyond. In October 2021, the Group Leaders and Corporate Management Team developed four core areas of the Shared Ambitions for London Councils to transform it into an organisation that:

- provides political leadership based on shared values;
- is a trusted partner for central government, the GLA, other cities, business and the voluntary and community sector (VCS);
- focusses on pan-London efforts where they add real value; and
- champions innovation and leading practice and promotes collaboration and coalitions of the willing.

Taking initial feedback from Leaders, the process of turning the Shared Ambitions for London Councils in to a business plan has been undertaken and the core areas have been broken down in to six objectives:

- London's recovery;
- Climate and net zero;
- Prevention and Local Authorities role in wellbeing;
- London's voice;
- Value Proposition for Boroughs; and
- Organisational development.

London Councils aims to make the best use of available resources by focusing on those key policy areas that are most important to its member boroughs. In order to achieve the Shared Ambitions, London Councils has to become:

- Strategic and influential;
- Bold and responsive; and
- Modern and digital.

A roadmap for delivering Shared Ambition milestones was agreed by the Leaders' Committee in July 2022. London Councils has also established a set of core values which will be promoted and embedded throughout the organisation.

Covid-19

London Councils has continued to support its member authorities in the critical role they played in the response and recovery from the Covid-19 Pandemic. The assistance provided to member boroughs included:

- supporting political leadership and engagement through regular meetings of borough Leaders, the London local authority co-ordinating chief executive and other senior advisers and partners, including the Minister for London and the Director of Public Health for London;
- supporting the coordination of borough communications efforts throughout the pandemic enabling boroughs to communicate in a clear and co-ordinated way;
- London Councils' Chief Executive has been a point of co-ordination with boroughs; the group of nine regional chief executives who work with MHCLG officials; and wider resilience structures;

¹ For the purpose of this statement, the terms "London Councils" and "the Committee" refer to London Councils Leaders Committee and its associated committees, London Councils Transport and Environment Committee and London Councils Grants Committee.

ANNUAL GOVERNANCE STATEMENT (continued)

- supporting boroughs in the preparation of assessments of the financial implications of managing the pandemic, and to analyse and understand the overall impact for London; and
- continuing to carry out policy work and harness London local government's collective capacity in areas such as business, the economy, community safety, housing, transport and environmental matters.

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

The restrictions introduced to reduce the spread of the pandemic meant that in person meetings could no longer be held. Virtual meetings were established following the introduction of temporary, emergency, measures (the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020) which enabled formal decision-making meetings to be held virtually until 6 May 2021. The ability to operate in this manner, with live streaming of public meetings, ensured that decisions continued to be taken in a transparent manner and improved member attendance. Following the expiry of the emergency legislation and given that social distancing restrictions are still in operation, London Councils' Pandemic Steering Committee agreed that the committee meeting schedule should continue virtually with those decisions required to be ratified being agreed through London Councils' urgency procedures. There is a planned return to in person meetings following the end to the Covid-19 related restrictions. London Councils has invested in hybrid meeting equipment to ensure that meetings remain accessible to members unable to attend in person.

London Councils corporate and team risk registers were reviewed and updated where relevant to incorporate the impact of the Covid-19 pandemic. The risk registers were reviewed during the year in accordance with London Councils' risk management framework. The impact of the pandemic affected the delivery of the 2020/21 internal audit plan with two reviews deferred to 2021/22.

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

The Covid-19 pandemic has continued to have an impact on London Councils' services during the 2021/22 financial year. While income from enforcement activities and replacement of Freedom Passes has returned to pre-pandemic levels, income from tenant licences and meeting room hire has not fully recovered. London Councils implemented measures to make sure that staff remain safe during the pandemic by providing home working arrangements, signposting useful sources of information and holding webinars for all staff and coaching sessions for managers to promote mental wellbeing. Building risk assessments were undertaken at both London Councils sites to ensure staff work in a safe environment. Contractors were asked to put in place contingency measures to maintain services during the period.

Scope of responsibility

London Councils 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.

ANNUAL GOVERNANCE STATEMENT (continued)

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 2022 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:

- **Developing and communicating the Committee's vision** – The Committee produces an annual Corporate Business Plan/Roadmap which sets out its proposed purpose, themes, work programmes and services. In 2021, the Group Leaders and Corporate Management Team agreed Shared Ambitions for London Councils and Londoners. These Shared Ambitions will inform the development of the annual business plan/roadmap for 2022/23 that will be presented for member approval before being shared more widely with all relevant stakeholders. 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.

ANNUAL GOVERNANCE STATEMENT (continued)

- **Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year. A summary of the key achievements is included in the Narrative Statement of the financial statements. London Councils Corporate Management Team (CMT), 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 8 June 2021. 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 appointed members to four other sub-committees/forums during 2021/22 which are the Pandemic Steering Committee, Audit Committee, Young People's Education and Skills Board (YPES) and Fire Safety Members Group. The Pandemic Steering Committee and Fire and Safety Group have since been stood down. 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. London Councils has established a set of core values which will be promoted and embedded throughout the organisation.
- **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 8 June 2021. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the risk registers of individual teams. 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 2021. The individual team risk registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Team ensures that the risk registers, both individual teams and Corporate Risk Register, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

- **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 committee². 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 her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess her performance against agreed objectives.
- **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 8 June 2021. 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.

² 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)

- **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. London Councils' website provides members with a useful source of information on specific policy areas.
- **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 which include a summary of key achievements over the last year within its Narrative Statement. 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.
- **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 Team 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:

ANNUAL GOVERNANCE STATEMENT (continued)

- 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 Team and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2021/22.
- London Councils Corporate Management Team 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 2022/23

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2022/23:

Pan London Mobility Schemes

An internal audit review on the Pan London Mobility Schemes was completed in 2021/22. The review assessed the effectiveness of controls in operation over the contract management of the Freedom Pass and Taxicard schemes. The review concluded that there were adequate contract management arrangements in place and effective controls to ensure that only eligible users have access to the mobility schemes. There were adequate record keeping arrangements and well-established quality controls to facilitate efficient service provision and swift resolution of problems identified. The Taxicard Customer Management System (CMS) is being further developed to facilitate online applications for Taxicards and improve the production of performance management information on application processing times. This work will be completed in 2022/23.

Parking and Traffic Services

An internal audit review of Parking and Traffic Services was completed in 2021/22. The objectives of this review were to provide assurance that adequate arrangements were in place to:

- manage delivery of internally delivered Parking and Traffic services;
- manage the performance of external contractors;
- ensure that key external contracts are procured in line with the relevant procurement regulations; and
- ensure effective financial monitoring against allocated service budgets.

The review found that there were adequate control arrangements in place but recommended improvements on service performance measurements and compliance with procurement regulations. These recommendations will be implemented in 2022/23.

ANNUAL GOVERNANCE STATEMENT (continued)**Cyber Security**

An internal audit review of Cyber Security was completed in 2021/22. The objectives of this review were to obtain assurance on the arrangements for:

- Governance for cyber security: including strategy, responsibilities and guidance.
- Culture, awareness and user education: of cyber security for operating securely.
- Secure configuration: of devices used to connect to the LC network.
- Network security: measures in operation to protect against network access by unauthorised or malicious parties.
- Identity and access management: application of user credentials and authentication for access to the network or applications.
- Malware prevention: continuous malware detection and management.
- Incident management: incidents are identified, addressed and reported.
- Data loss prevention: mechanisms in place to protect data.

The majority of recommendations made in the report have already been implemented. The remaining recommendations will be implemented in 2022/23.

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

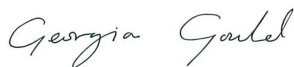
Significant governance issues

There are no significant governance issues.



Alison Griffin
Chief Executive

10 February 2023



Cllr Georgia Gould
Chair of London Councils

10 February 2023

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 2022, 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 2022 and of its expenditure and income for the year then ended in accordance with the basis of accounting except that it does not prepare single entity financial statement for London Councils Joint Committee as described in Note 1a General Principles.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22 that the group's consolidated financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the group disclosures over the going concern period.

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

As explained more fully in the Statement of Responsibilities, 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. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

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

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

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

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

Use of our report

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



Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants, London

23 February 2023

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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

	Notes	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000
Cost of Services							
London Councils Grants Committee	Appx A	7,374	(6,679)	695	7,259	(6,704)	555
London Councils Transport and Environment Committee	Appx B	42,530	(41,680)	850	41,069	(39,931)	1,138
London Councils Joint Committee	Appx C	11,169	(9,156)	2,013	10,091	(9,970)	121
Net Cost of Services		61,073	(57,515)	3,558	58,419	(56,605)	1,814
Financing and investment income and expenditure	7	980	(85)	895	569	(228)	341
Deficit on Provision of Services		62,053	(57,600)	4,453	58,988	(56,833)	2,155
Actuarial loss/(gain) on pension assets/liabilities	9			(14,544)			16,590
Other Comprehensive Income and Expenditure				(14,544)			16,590
Total Comprehensive Income and Expenditure				(10,091)			18,745

The notes on pages 27 to 59 form part of the accounts.

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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.

	2021/22			2020/21		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	13,713	(42,727)	(29,014)	14,033	(24,302)	(10,269)
Total Comprehensive Income and Expenditure	(4,453)	14,544	10,091	(2,155)	(16,590)	(18,745)
Adjustments between accounting basis and funding basis under regulations (note 6)	3,171	(3,171)	-	1,835	(1,835)	-
(Decrease)/Increase	(1,282)	11,373	10,091	(320)	(18,425)	(18,745)
Balance at 31 March	12,431	(31,354)	(18,923)	13,713	(42,727)	(29,014)

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

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 2022	31 March 2021
		£000	£000
Property, Plant and Equipment	10	778	1,083
Intangible Assets	11	-	1
Long Term Assets		778	1,084
Short Term Debtors	12	6,531	6,460
Cash and Cash Equivalent	13	15,761	15,249
Current Assets		22,292	21,709
Short Term Creditors	14	(9,663)	(8,138)
Provisions	15	(214)	(204)
Current Liabilities		(9,877)	(8,342)
Long Term Creditors	16	(241)	(433)
Provisions	15	(686)	(536)
Other Long Term Liabilities	9	(31,189)	(42,496)
Long Term Liabilities		(32,116)	(43,465)
Net Liabilities		(18,923)	(29,014)
Usable Reserves	18	12,431	13,713
Unusable Reserves	20	(31,354)	(42,727)
Total Reserves		(18,923)	(29,014)

The notes on pages 27 to 59 form part of the accounts.



David Sanni CPFA FCCA
Director of Corporate Resources

10 February 2023

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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.

	2021/22 £000	2020/21 £000
Net deficit on the provision of services	(4,453)	(2,155)
Adjustments to net deficit on the provision of services for non-cash movements	5,021	955
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	54	(210)
Net cash flows from Operating Activities (note 21)	622	(1,410)
Investing Activities (note 22)	(110)	(17)
Net (decrease)/increase in cash and cash equivalents	512	(1,427)
Cash and cash equivalents at 1 April	15,249	16,676
Cash and cash equivalents at 31 March	15,761	15,249

The notes on pages 27 to 59 form part of the accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Committee prepares its accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 2022 (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 2022 (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 2022 (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 2.6% (2020/21: 2.0%).
- 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 2022 (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 2022 (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 2022 (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 2022 (continued)

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

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

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

o Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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 2022/23 (the Code) has introduced changes in accounting policies which will be required from 1 April 2021. If these had been adopted for the financial year 2021/22 there would be no material changes to the Committee's accounts as detailed below.

Annual Improvements to IFRS Standards 2018 -2020 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:

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These improvements will not have a significant 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 until 2024/25 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2024. This standard will not have an impact on the Committee's accounts as it has not entered into any lease contracts.

3. Critical Judgements in Applying Accounting Policies

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

The 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 2022 (continued)**4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Committee's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.208 million. However, the assumptions interact in complex ways. During 2021/22, Barnett Waddingham LLP advised that the net pensions liability had increased by £6.322 million as a result of a change in financial assumptions.

Provisions

The Committee has made a provision of £900,000 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 £90,000 to the annual contribution to the provision.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on *10 February 2023*. 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 2022, 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 2022 (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.

	2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
	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	615	80	695	523	32	555
London Councils Transport and Environment Committee	217	633	850	760	378	1,138
London Councils Joint Committee	396	1,617	2,013	(746)	867	121
Net Cost of Services	1,228	2,330	3,558	537	1,277	1,814
Financing and investment income and expenditure	54	841	895	(217)	558	341
Deficit / (Surplus)	1,282	3,171	4,453	320	1,835	2,155
Opening Usable Reserve Balance	(13,713)			(14,033)		
Deficit	1,282			320		
Closing Usable Reserve Balance	(12,431)			(13,713)		

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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 2021/22:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	81	(1)	80
Transport and Environment Committee	644	(11)	633
London Councils Core Joint Committee	1,671	(54)	1,617
Net Cost of Services	2,396	(66)	2,330
Financing and investment income and expenditure	841	-	841
Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services	3,237	(66)	3,171

Adjustments between funding and accounting basis during 2020/21:

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

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.

London Councils Leaders' Committee Governing Agreement

13 December 2001

DATED 13 December, 2001

[LONDON COUNCILS]¹

(LEADERS' COMMITTEE)²:

AGREEMENT

Standing Orders revised 7 June 2016

This joint committee approved the change of name from ALG to London Councils on 12 September 2006. In this agreement, references to 'Association of London Government' and 'ALG' have been replaced with 'London Councils'.

In addition, the joint committee established in accordance with the LCTEC Agreement referred to in Recital 1.10 below changed its name from the Association of London Government Transport and Environment Committee ("ALGTEC") to London Councils Transport and Environment Committee ("LCTEC") on 17 October 2006. In this agreement, references to "ALGTEC" have been replaced with "LCTEC".

Ref: PR 6602/21/LJ

¹ This joint committee approved the change of name from ALG to London Councils on 12 September 2006

² This joint committee is also referred to as Leaders' Committee because all of the London local authorities' leaders are represented

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³ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: London Housing Unit Committee: Member Authorities]

⁴ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: Functions of London Housing Unit Committee]

THIS AGREEMENT is made this 13th. day of December, 2001

BETWEEN THE Councils listed in Part 1 of Schedule 1 hereto in pursuance of arrangements made under section 101 (5), 101 (5B), 102, 111, 112, 113, 141 and 142 Local Government Act 1972; section 1 Local Authorities (Goods and Services) Act 1970; section 20 Local Government Act 2000; the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000⁵ and all other enabling powers

1. PRELIMINARY

1.1 By an Agreement dated 1 April, 2000 (the "First Agreement"), the local authorities named in Part 1 of Schedule 1, in the interests of co-ordinating more effectively the formulation of policy in relation to the functions referred to in the First Agreement and achieving greater efficiency in the use of their resources agreed to establish a joint committee under Sections 101 and 102 Local Government Act 1972 and agreed to delegate (subject to the exceptions and reservations set out in the Agreement) the functions listed in Schedule 2 to the joint committee and to name the joint committee the Association of London Government ("ALG")⁶

1.2 [...] ⁷

⁵ Reference to section 20 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2000 should now be read as section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012; those provisions having been substituted in England.

⁶ This joint committee approved the change of name from ALG to London Councils on 12 September 2006

⁷ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: By the First Agreement, the local authorities named in Part 2 of Schedule 1 agreed to delegate the functions set out in Schedule 3 under section 8 Housing Act 1985; sections 101(12), 111 and 141 Local Government Act 1972; section 1 Local Authorities (Goods and Services) Act 1970 and any other express or implied enabling power, to a Sectoral joint committee named the London Housing Unit Committee which operates, in relation to the ALG, in accordance with the provisions of this Second Agreement which govern Sectoral joint committees. Any of the London Local Authorities listed in Part 1 of Schedule 1 may elect at any time to delegate the functions set out in Schedule 3 to the London Housing Unit Committee. Such delegation is hereby deemed a minor variation for the purposes of Clause

- 1.3 The local authorities listed in Part 1 of Schedule 1 are herein collectively named “the London Local Authorities”.
- 1.4 [London Councils] has acted from the date of the First Agreement as the Association of the London Local Authorities for the purposes set out in Part 1 of Schedule 2 and receiving subscriptions from the London Local Authorities under section 143 Local Government Act 1972
- 1.5 [The London Local Authorities are the constituent council for the purposes of section 48(1)(a) Local Government Act 1985 and by an agreement dated 1st February 2004 (“the Third Agreement) have agreed to establish a new Scheme for the making of grants to voluntary organisations in Greater London in accordance with the provisions of the Third Agreement.]⁸
- 1.6 The committee established to discharge various functions in accordance with section 48 Local Government Act 1985 is now known as the [London Councils] Grants Committee [and the Grants Scheme is set out in Schedule 2 of the Third Agreement]⁹
- 1.7 The London Local Authorities were the Participating Councils in the Transport Committee for London Agreement dated 15th January, 1998, (“TCfL Agreement”) and by the Agreement dated 1 April, 2000, varied the Transport Committee for London Agreement in accordance with Schedule 5 of the First Agreement
- 1.8 The Transport Committee for London is now known as the [London

15.4 and this Agreement shall thereafter be construed as if each of those London Local Authorities were listed in Part 2 of Schedule 1. Any of the London Local Authorities listed in Part 2 of Schedule 2 may at any time elect to revoke the delegation of the functions set out in Schedule 3 to the London Housing Unit Committee. Such revocation is hereby deemed a minor variation for the purposes of Clause 15.4 and this Second Agreement shall thereafter be construed as if that London Local Authority’s name were removed from Part 2 of Schedule 1.]

⁸ Substituted by the Third Agreement. Note the scheme has subsequently been amended further to minor variations agreed by London Councils (Leaders’ Committee) on 15 July 2014

⁹ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

Councils] Transport and Environment Committee (“[LCTEC]¹⁰”)

- 1.9 By the First Agreement, [London Councils] was appointed under section 1 Local Authorities (Goods and Services) Act 1970 to employ the staff of [LCTEC], carry out all administrative and appropriate financial functions on its behalf, recover the costs thereof and the costs payable to [LCTEC] by the London Local Authorities listed in Part 1 of Schedule 1.
- 1.10 The London Local Authorities are the Participating Councils in the [LCTEC] Agreement of even date herewith (“[LCTEC] Agreement”) which amends the TCfL Agreement
- 1.11 The functions of some of the London Local Authorities set out in Schedule 2 [...]¹¹ are the responsibility of the executive of those authorities under executive arrangements adopted for the purposes of section 10 Local Government Act 2000 while the functions of other authorities remain the responsibility of the authorities themselves
- 1.12 It is expedient that any London Local Authority which should adopt executive arrangements after the date of this Agreement should be able through arrangements made by their mayors, executives, members of executives, committees of executives, executive leaders or council managers (as appropriate) to continue as parties to this Second Agreement

IT IS HEREBY AGREED AS FOLLOWS:

¹⁰ The Association of London Government Transport and Environment Committee (“ALGTEC”) approved the change of name to London Councils Transport and Environment Committee (“LCTEC”) on 17 October 2006

¹¹ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders’ Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders’ Committee) decision on 11 December 2007 to reduce the notice period for termination.
[Deleted: and 3]

2. COMMENCEMENT AND DURATION

2.1 This Agreement shall commence on 13 December, 2001 (“the Commencement Date”) and shall continue until terminated in whole or in part in accordance with the provisions of Clause 13.

3. DEFINITIONS AND INTERPRETATION

3.1 In this Agreement:

[...] ¹²

“associated committees of [London Councils]” means the [London Councils] Grants Committee and the [LCTEC] which shall operate, in relation to [London Councils], in accordance with the [London Boroughs] ¹³ Grants Scheme ([as set out in full at Schedule 2 of the Third Agreement] ¹⁴) and the [LCTEC] Agreement.

“constituent councils” means the London borough councils and the Common Council, which have made the [London Boroughs] ¹⁵ Grants Scheme, as permitted by section 48 Local Government Act 1985.

“Leader” means the person vested from time to time (in accordance with law and the applicable constitutional arrangements) with the political leadership, for the purposes of this Agreement, of each of the London Local Authorities listed in Part 1 of Schedule 1

[“London Councils” means the joint committee appointed in accordance

¹² This joint committee approved the change of name from ALG to London Councils on 12 September 2006. [Deleted: “ALG” means the Association of London Government, the joint committee appointed in accordance with Clause 1.1.]

¹³ The London Boroughs Grants Scheme has been superseded by the Grants Scheme which was established by the Third Agreement. Note further amendments to the Grants Scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

¹⁴ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014

¹⁵ The London Boroughs Grants Scheme has been superseded by the Grants Scheme which was established by the Third Agreement. Note further amendments to the Grants Scheme were approved by London Councils (Leaders’ Committee) on 15 July 2014 as permitted under clause 9.1 of the Grants Scheme.

with Clause 1.1]¹⁶

“Panels of [London Councils]” means the sub-committees appointed by [London Councils] to discharge any of functions delegated to [London Councils] under Clause 1.1 above.

“Parties” means the parties to this Agreement, that is the London Local Authorities listed in Part 1 of Schedule 1

“Sectoral joint committee” means a joint committee appointed under section 102 Local Government Act 1972 to discharge functions which a minimum of three and a maximum of 32 of the London Local Authorities have agreed to delegate to it, whose terms of reference have been approved by [London Councils] and which shall operate, in relation to [London Councils], in accordance with this Agreement.

- 3.2 The Schedules to this Agreement are intended to form part of this Agreement.
- 3.3 Words importing the singular shall include the plural and *vice versa*. Words importing any gender shall include both genders. Words importing persons shall include bodies corporate, unincorporated associations and partnerships.
- 3.4 Clause headings are inserted for ease of reference only and shall not affect the interpretation of this Agreement.
- 3.5 A reference to any statute or statutory provision includes a reference to all statutory instruments or orders made pursuant to it and includes a reference to that statute, statutory provision, instrument or order as amended, extended, re-enacted or consolidated from time to time.

¹⁶This joint committee approved the change of name from ALG to London Councils on 12 September 2006

3.5 In the event of any conflict between Clauses 1-15 and the Schedules to this Agreement, the provisions of Clauses 1-15 shall prevail.

4. MEMBERSHIP AND STANDING ORDERS OF [LONDON COUNCILS] AND SECTORAL JOINT COMMITTEES

4.1 Each London Local Authority shall appoint its Leader as its representative to [London Councils] and shall be entitled to appoint deputy representatives in accordance with Schedule 6.

4.2 [London Councils] may admit to membership such representatives of such other bodies as it considers appropriate from time to time in accordance with Schedule 6.

4.3 The functions set out in Schedule 2 shall whenever appropriate be discharged by Panels of [London Councils] constituted in accordance with Schedule 6.

4.4 [...] ¹⁷

4.5 [Each London Local Authority shall appoint an appropriate elected representative to any sectoral joint committee and shall be entitled to appoint deputy representatives in accordance with Schedule 6.] ¹⁸

4.6 [...] ¹⁹

¹⁷ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: The members of the London Housing Unit Committee established to discharge the functions set out in Schedule 3 shall be the Leaders from time to time of each of the London Local Authorities set out in Part 2 of Schedule 1.]

¹⁸ Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

¹⁹ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

4.7 Each Sectoral joint committee may admit to membership such representatives of such other bodies as it considers appropriate from time to time in accordance with Schedule 6.

4.8 The members of [London Councils] Grants Committee shall be appointed by the constituent councils in accordance with [the Grants Scheme as set out in Schedule 2 of the Third Agreement]²⁰.

4.8 The Standing Orders of [London Councils] are set out in Schedule 6

5. MEETINGS AND PROCEEDINGS OF [LONDON COUNCILS]

5.1 [London Councils shall hold a minimum of 2 meetings each year, one of which shall be an annual general meeting.]²¹

5.2 Subject to Clause 5.1, meetings of [London Councils] shall be called in accordance with the Standing Orders set out in Schedule 6 and the procedure to be adopted at such meetings shall be determined in accordance with Schedule 6.

5.3 [Each sectoral joint committee established hereunder from time to time shall hold a minimum of 2 meetings a year, at times to be determined by the Committee.]²²

6. LEAD AUTHORITY FUNCTIONS

6.1 Subject to the provisions of this Clause 6, [London Councils] may appoint

[Deleted: The discharge of the functions set out in Schedule 3 (with the exceptions of the functions of approval of cross-cutting and strategic policy in relation thereto, as determined by the London Housing Unit Committee from time to time, and approval of the budget thereof, which are hereby reserved to the London Housing Unit Committee) shall be delegated by the London Housing Unit joint committee to a sub-committee which shall be constituted in accordance with Schedule 6.]

²⁰ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

²¹ Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

²² Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

one or more of the London Local Authorities to discharge all or any of the Lead Authority functions as set out in Schedule 4 on behalf of [London Councils], any Sectoral joint committee or (subject to the provisions of Schedule 5 and the [LCTEC] Agreement) either associated committee.

- 6.2 In the event that a London Local Authority acting or appointed hereunder withdraws its consent to discharge a Lead Authority function, it shall give (unless otherwise agreed in writing), not less than six calendar months' notice in writing (to expire on 31st March) of its intention to do so to [London Councils].
- 6.3 The decision to terminate the appointment of a London Local Authority in respect of any Lead Authority function shall be by a majority vote of [London Councils].
- 6.4 Subject to Clause 6.5 below and notwithstanding any service level agreement in force at the date of this Agreement, any termination pursuant to Clause 6.3 may be made by [London Councils] giving (unless otherwise agreed in writing) not less than six calendar months' notice in writing (to expire on 31st March) to the Lead Authority of its intention to terminate the appointment and may be given at any time.
- 6.5 Notwithstanding Clause 6.4, if the London Local Authority is in material breach of any of its obligations in respect of a Lead Authority function (whether the obligation is contained in this Agreement or in any service level agreement for the time being), any such termination pursuant to Clause 6.3 may be made at any time thereafter by [London Councils] giving not less than one calendar month's notice in writing to the London Local Authority of its intention to terminate the appointment.
- 6.6 Notwithstanding Clause 6.2, if [London Councils] is in material breach of

any of its obligations to the London Local Authority (whether the obligation is contained in this Agreement or in any service level agreement) the London Local Authority may withdraw its consent to act in respect of a Lead Authority function by giving not less than three calendar months' notice in writing to [London Councils] of its intention to withdraw its consent.

- 6.7 [London Councils] shall reimburse each London Local Authority appointed under this Clause 6 all costs, charges and expenses (inclusive of VAT correctly levied) incurred in the provision of any services in connection with a Lead Authority function by that London Local Authority (or arising /outstanding in respect of any Lead borough function performed by any London Local Authority prior to the Commencement Date of this Second Agreement) within 30 days of receipt of invoices submitted by it to [London Councils]
- 6.8 The reimbursement payable by [London Councils] to each London Local Authority appointed or acting under this Clause 6 shall be subject to audit by [London Councils] and its authorised representatives and the London Local Authority shall on request make available all accounts, records and other documents reasonably required for such purpose.
- 6.9 Upon the termination of any appointment of a London Local Authority under this Clause 6, howsoever occasioned, the London Local Authority shall be entitled to payment from [London Councils] of any outstanding costs reasonably incurred in the performance of its duties in respect of a designated council and/or Lead Authority function.
- 6.10 [The Common Council of the City of London shall discharge the designated council function in accordance with section 42(2)(a) Local Government Act 1985 and the Grants Scheme as set out in Schedule 2 of

the Third Agreement]²³

7. OBLIGATIONS OF [LONDON COUNCILS] AND SECTORAL JOINT COMMITTEES

- 7.1 [London Councils] shall discharge the functions set out in Schedule 2 and the functions delegated to it under the [Grants Scheme]²⁴, together with such further functions as all of the London Local Authorities shall resolve to delegate to it, and, in so doing, shall act in the collective interests of the London Local Authorities which subscribe to each of those functions. [London Councils] shall also act as the Association of the London Local Authorities.
- 7.2 Each Sectoral joint committee established hereunder from time to time shall discharge the functions which have been delegated to it by the London Local Authorities which have agreed to subscribe to such Sectoral joint committee and, in doing so, shall act in the collective interests of those London Local Authorities.
- 7.3 [London Councils] and ([subject to Schedule 2 of the Third Agreement]²⁵ and the [LCTEC] Agreement) each associated and Sectoral joint committee established hereunder from time to time shall comply with the Standing Orders set out in Schedule 6, the Financial Regulations set out in Schedule 7 and the financial arrangements set out in Clauses 11 and 12 and Schedule 8.
- 7.4 [London Councils] shall appoint a Chief Executive, and a Finance Officer on terms to be agreed by [London Councils]. The Finance Officer appointed hereunder shall be responsible for the proper administration of [London Councils] financial affairs and (subject to Schedule 5 and the

²³ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

²⁴ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

²⁵ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

[LCTEC] Agreement) those of the associated and any Sectoral joint committees established hereunder from time to time.

7.5 [The Finance Officer shall make appropriate arrangements to procure the audit of the annual accounts of London Councils and (subject to Schedule 5 and the LCTEC Agreement) the associated committees and any Sectoral joint committee at the end of each financial year by an Auditor approved by London Councils Copies of audited accounts shall be provided to London Councils the associated committees and any Sectoral joint committee and sent to each of the London Local Authorities.]²⁶

8 OBLIGATIONS OF LONDON LOCAL AUTHORITIES

8.1 Each London Local Authority shall:

8.1.1 contribute to the costs and expenses of [London Councils] and any Sectoral joint or associated committee established hereunder from time to time of which that London Local Authority is a member in accordance with the provisions of Clause 12 and Schedule 8.

8.1.2 provide [London Councils] and any Sectoral joint or associated committee with such information as is required by [London Councils] to carry out the functions referred to in Clauses 7.1 and 7.2 and to recover costs in accordance with Schedule 8.

9 STAFF

9.1 [London Councils] shall appoint such staff as they think necessary for the discharge by [London Councils] of the functions set out herein

9.2 [...] ²⁷

²⁶ Substituted further to minor variations agreed by London Councils (Leaders' Committee) on 2nd June 2015

²⁷ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to

10 ASSETS AND LIABILITIES

10.1 The assets and liabilities which vested in [London Councils] prior to the Commencement Date shall continue to so vest following the Commencement Date

11. FINANCIAL ARRANGEMENTS

11.1 In October of each year (or such other date as shall be agreed by [London Councils]). [London Councils] shall send the draft budgets for the following financial year for each of the groups of functions set out in Schedules 2 and 4 (to include the designated council function in respect of the [Grants Scheme]²⁸) for comment by the London Local Authorities listed in Part 1 of Schedule 1 as London Local Authorities subscribing to each of those groups of functions. The budget for each group of functions shall be finalised and approved in December of each year (or such other date as shall be agreed by [London Councils]) in accordance with paragraph 21.1 of Schedule 6.

11.2 [London Councils] shall send the budgets for the London Boroughs [Grants Scheme]²⁹ and [LCTEC] in accordance with the [LCTEC] Agreement and the [Grants Scheme]³⁰

11.3 [The budget for each sectoral joint committee established hereunder from time to time shall send the draft budget for the following financial

integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: The London Local Authorities listed in Part 2 of Schedule 1 shall indemnify and keep indemnified the London Local Authorities which do not subscribe to the functions set out in Schedule 3 against any and all costs, liabilities and expenses arising after the Commencement Date in respect of the staff employed to discharge the Schedule 3 functions.]

²⁸ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

²⁹ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

³⁰ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014 and also note that the London Borough Grants Scheme has been succeeded by the Grants Scheme

year for the functions delegated to such sectoral joint committee for comment. The budget shall be approved by a simple majority of members of the sectoral joint committee who are present at the meeting. The budget shall be finalised and approved in sufficient time to be reported to London Councils in December each year. The annual budget (including any contingency sum) in respect of any function shall not be exceeded without the prior approval of a simple majority of the representatives of those London Local Authorities who are present at the meeting at which the proposal to exceed the budget is under consideration.]³¹

- 11.4 [London Councils] and any Sectoral joint committee shall cause proper accounts to be kept in respect of the functions discharged by [London Councils], either associated joint committee (in respect of any accounting responsibilities of [London Councils] in relation thereto) and any Sectoral joint committee established hereunder from time to time and shall make all accounts records and other documentation available for inspection by any London Local Authority on request.
- 11.5 Whenever any sum of money is recoverable by [London Councils] from, or payable by a London Local Authority to [London Councils] in respect of any of the groups of functions set out in Schedules 2 - 5, it may be deducted from any sum then due to that London Local Authority from [London Councils] in respect of that group of functions and *vice versa*.
- 11.6 [London Councils] shall cause to be maintained a separate balance sheet in the name of [London Councils] in respect of all payments received from the London Local Authorities in respect of each of the groups of functions set out in Schedules 2 [...] ³² and 5, such payments to be held as

³¹ Substituted further to minor variations approved by London Councils (Leaders' Committee) on 15 July 2014

³² Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with

nominee for the London Local Authorities from which they have been received.

12 COSTS AND EXPENSES

12.1 The costs and expenses of [London Councils], either associated committee and any Sectoral joint committee appointed hereunder from time to time in discharging the functions delegated to them hereunder shall be reimbursed by the London Local Authorities in accordance with the provisions of Schedule 8. For the avoidance of doubt, the consent of all the London Local Authorities subscribing to each of the functions set out in Schedule 2 shall be required to change the basis on which costs are apportioned between them in respect of each of those functions.

12.2 [London Councils] shall notify each of the London Local Authorities by not later[...]³³ than 31st. January each year in respect of any other function, of the amount due from that London Local Authority under Clause 12.1, such notification to include a breakdown of the sums payable in respect of each of the groups of functions set out in Schedule 2 [...] ³⁴ and the date on which payment is due.

12.3 Interest shall accrue at the rate of 2 per cent above the base rate for the

effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: - 3]

³³ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: than 31st. December in each year, unless otherwise agreed, in respect of the Schedule 3 functions and not later]

³⁴ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: and 3]

time being of National Westminster Bank PLC on all amounts due to [London Councils] under Clause 12.1 from the due date until the date of payment in full inclusive.

12.4 In the event of any disagreement as to the amount of costs and expenses to be borne by any London Local Authority under Clause 12.1 and Schedule 8, the London Local Authority in dispute shall, not later than 14th. February, or a date agreed with the Finance Officer, notify the Finance Officer of the nature of the dispute and shall provide full supporting reasoning and documentation as appropriate to the Finance Officer. The Finance Officer and the London Local Authority shall thereafter use all reasonable endeavours to resolve the dispute. In the event that the dispute remains unresolved on 14th. March or a date to be agreed with the Finance Officer, the matter may be referred by either party to such independent CIPFA Accountant of not less than ten years' standing as the parties to the dispute shall agree. Any such independent CIPFA Accountant shall be deemed to act as expert and not as arbitrator and his/her determination shall, in the absence of manifest error, be binding on [London Councils] and the London Local Authority. In the event that the dispute is resolved at first instance by the Finance Officer, or by the CIPFA Accountant in favour of the London Local Authority, interest shall not be payable on any outstanding sums. In the event that the dispute is resolved in favour of [London Councils] by the CIPFA Accountant, interest shall accrue on all outstanding payments in accordance with Clause 12.3 The costs of dispute resolution hereunder shall be met by the unsuccessful party PROVIDED THAT in the event that any dispute under this Clause 12.4 is in respect of the amounts payable by the London Local Authorities as subscriptions to [...] ³⁵any Sectoral

³⁵ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous

joint committee, or is in respect of the allocation of costs by [London Councils] between [London Councils] functions and those of any Sectoral joint committee, references in this Clause to “the London Local Authority” shall be construed as references to the person nominated for the purpose of dispute resolution by the Chair of [...]³⁶ any Sectoral joint committee.

13 TERMINATION AND BREACH

13.1 The termination of this Agreement or any part thereof, however caused, and the serving of notice to terminate shall be without prejudice to any obligations or rights of any of the parties which have accrued prior to such termination and shall not affect any provision of this Agreement which is expressly or by implication provided to come into effect after such termination.

13.2 Without prejudice to any other rights or remedies, this Agreement or the relevant part thereof shall terminate on the earlier of:

13.2.1 the unanimous agreement of all the London Local Authorities which are subscribers to any of the groups of functions listed in Schedule 2 [...]³⁷ or any Sectoral joint committee;

agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: any functions listed in Schedule 3]

³⁶ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: the London Housing Unit Committee or]

³⁷ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: -3]

13.2.2 where by reason of any change in law, or other reason not attributable to the fault of the London Local Authorities, they shall be prohibited from giving effect to their obligations hereunder.

13.3 This Agreement may be terminated by [London Councils] by a two-thirds majority of those members present and voting in relation to any London Local Authority in respect of any of the groups of functions set out in Schedule 2 or any future functions which are delegated to [London Councils], and shall be terminated in relation to any London Local Authority at the request of the Chair of a Sectoral joint committee following a decision to terminate by that Sectoral joint committee in respect of the functions discharged by such Sectoral joint committee, by written notice to that London Local Authority effective on receipt on the occurrence of any of the following events:

13.3.1 that London Local Authority materially breaches any of the provisions of this Agreement and, in the case of a breach capable of remedy, fails to remedy the same within 28 days of being notified of the breach by [London Councils] and being required to remedy the same; or

13.3.2 where by reason of any change of law or other reason not attributable to the fault of the London Local Authority, that Authority shall be unable to give effect to its obligations hereunder.

13.4 This Agreement may be terminated by any London Local Authority in respect of any of the groups of functions set out in Schedule 2 [...] ³⁸ by that London Local Authority giving one year's notice in writing to [London Councils] to expire on 31st. March.

³⁸ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination. [Deleted: and 3]

PROVIDED THAT if at any time the number of members of [London Councils] is less than 33, the functions and consultations which are hereby discharged by [London Councils] in relation to the [...] ³⁹ Grants Committee and [LCTEC] shall continue to be discharged by a joint committee of all the London Local Authorities listed in Part 1 of Schedule 1 which shall meet immediately prior to each of the meetings of [London Councils] referred to in Clause 5.1.

13.5 In the event of termination under Clause 13.3 or 13.4, in addition to any outstanding subscriptions, the London Local Authority shall pay to [London Councils] such sum as represents the contribution to the capitalised value of that proportion of the continuing and outstanding liabilities of [London Councils] and/or any Sectoral joint committee which extend beyond such termination which is properly attributable to that London Local Authority's membership.

14. **DISSOLUTION**

14.1 In the event of dissolution of [London Councils] and/or any Sectoral joint committee, the assets thereof, after settlement of all outstanding debts, liabilities and costs or, if none, the liabilities thereof, shall be distributed amongst the London Local Authorities by [London Councils] and/or such Sectoral joint committee in proportion to the contributions of each of the London Local Authorities hereunder.

15. **GENERAL**

15.1 **Notices**

All notices which are required to be given or received hereunder shall be in writing addressed to the Chief Executive of [London Councils] or the

³⁹ [Deleted: "ALG"] as this joint committee approved the change of name from ALG to London Councils on 12 September 2006

London Local Authority, as the case may be. Any such notice may be delivered personally or by first class pre-paid letter or by facsimile transmission and shall be deemed to have served if by personal delivery, when delivered, if by first class post, 48 hours after posting and if by facsimile transmission, on successful transmission.

15.2 **Continuing Agreement**

All provisions of this Agreement shall, so far as they are capable of being performed and observed, continue in full force and effect notwithstanding termination, except in respect of those matters then already performed.

15.3 **Good Faith**

Each of the Parties undertakes with each of the others to act in good faith and to do all things reasonably within its powers which are necessary or desirable to give effect to the spirit and intent of this Agreement.

15.4 **Variations**

No variation to this Agreement, other than variations which [[London Councils] (or any Sectoral joint committee in respect of any matters which fall to be discharged solely by any such Sectoral joint committee) reasonably considers to be minor, shall be valid or effective unless made by one or more instruments in writing signed by all the Parties.

15.5 **Waiver**

No failure to exercise and no delay in exercising on the part of any of the Parties hereto any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise

of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies unless otherwise provided by law.

15.6 Severability

Notwithstanding that any provision of this Agreement may prove to be illegal or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

16 EXECUTION

16.1 This Agreement is executed by each Party by signing the annexed Memorandum of Participation on behalf of that Party and such Memorandum of Participation shall be evidence of execution by that Party when Memoranda executed by all the Parties are incorporated into this Agreement.

SCHEDULE 1

PART 1

THE LONDON LOCAL AUTHORITIES

The City of Westminster

The London Borough of Barking and Dagenham

The London Borough of Barnet

The London Borough of Bexley

The London Borough of Brent

The London Borough of Bromley

The London Borough of Camden

The London Borough of Croydon

The London Borough of Ealing

The London Borough of Enfield

The London Borough of Greenwich

The London Borough of Hackney

The London Borough of Hammersmith and

Fulham The London Borough of Haringey

The London Borough of Harrow

The London Borough of Havering

The London Borough of Hillingdon

The London Borough of Hounslow

The London Borough of Islington

The Royal Borough of Kensington & Chelsea

The Royal Borough of Kingston-upon-Thames

The London Borough of Lambeth

The London Borough of Lewisham

The London Borough of Merton

The London Borough of Newham

The London Borough of Redbridge

The London Borough of Richmond upon Thames

The London Borough of Southwark

The London Borough of Sutton

The London Borough of Tower Hamlets

The London Borough of Waltham Forest

The London Borough of Wandsworth

The Mayor and Commonalty and Citizens of the City of London

SCHEDULE 1

PART 2

[...] ⁴⁰

⁴⁰Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.
[Deleted: LONDON HOUSING UNIT COMMITTEE Member Authorities

The London Borough of Barnet The London Borough of Brent The London Borough of Camden The London Borough of Croydon The London Borough of Ealing The London Borough of Enfield
The London Borough of Greenwich The London Borough of Hackney
The London Borough of Hammersmith and Fulham The London Borough of Haringey
The London Borough of Havering The London Borough of Hillingdon The London Borough of Hounslow
The London Borough of Islington The London Borough of Lambeth The London Borough of Lewisham The London Borough of Merton The London Borough of Newham The London Borough of Redbridge The London Borough of Southwark
The London Borough of Tower Hamlets
The London Borough of Waltham Forest]

SCHEDULE 2

PART 1 FUNCTIONS

1. To consult on the common interests of the London Local Authorities and to discuss matters relating to local government.
2. To represent the interests of the London Local Authorities to national and local government, to Parliament, to the European Union and other international organisations and to other bodies and individuals, and to negotiate as appropriate on behalf of member authorities.
3. To formulate policies for the development of democratic and effectively managed local government.
4. To provide forums for the discussion of matters of common concern to the London Local Authorities and a means by which their views may be formulated and expressed.
5. To appoint representatives or staff to serve on any other body.
6. To represent the interests of the London Local Authorities as employers.
7. To provide services to the London Local Authorities including the dissemination of information on local government and on other relevant issues.
8. To provide information to the public, individuals and other organisations on the policies of the [London Councils] and local government issues relevant to London.
9. To act as the regional body of the Local Government Association.

SCHEDULE 2

PART 2: FUNCTIONS

Generally

1. To act for, and on behalf of, London Local Authorities in their role as employers, through the provision and development of a range of services including in particular:
 - i. Advice on the application and interpretation of national and provincial agreements covering administrative, professional, technical and clerical employees; manual employees, craft employees; and other local government employees;
 - ii. Advice on best practice in the conduct of employment relations and personnel procedures;
 - iii. Policy advice on development and training matters;
 - iv. Advice and information across the range of development and training activities;
 - v. The organisation and delivery of regional and individual local authority training courses/seminars and similar activities;
 - vi. Research and information on human resources, development and funding;
 - vii. Advice on health, safety and welfare matters;
 - viii. To represent the view of London local authorities on pay and conditions of service to the national negotiating bodies; and to advise London representatives on the same bodies.

- ix. To co-operate with The Improvement & Development Agency, The Employers' Organisation, local authority regional and provincial employer organisations, and other relevant local authority bodies;
- x. To provide professional advice to the employer's side of the Greater London Provincial Council and the Greater London Joint Negotiating Committee;
- xi. To provide a conciliation and arbitration role in the resolution of industrial relations disputes;
- xii. To exchange information and opinion with other organisations and to provide a human resource service to Associate and Subscriber Members and other contracted bodies.

Specifically:

1. To appoint members to represent [London Councils] on the Greater London Provincial Council in such numbers as are provided for in the constitutions of those joint bodies.
2. To secure, as far as it is possible, the largest possible measure of joint action, as between member authorities, for the consideration of pay and terms and conditions of service for those employees of member authorities falling within purview of the Greater London Provincial Council.
3. To represent the views of the Boroughs on pay and terms and conditions of service for employees to the national negotiating body.
4. To consider any other appropriate matters referred to it by constituent bodies relating to the terms and conditions of employment of employees

in its scope.

5. To co-operate as appropriate with other Provincial Employers or other appropriate bodies in matters of common interest.

SCHEDULE 2

PART 3: GENERAL FUNCTIONS

1. To do anything which is calculated to facilitate, or is conducive or incidental to, any of its functions under this Agreement and to discharge such other functions as can be lawfully discharged in accordance with [Clause 7.1]⁴¹ of this Agreement.
2. To employ such staff on such terms and conditions of employment as [London Councils] considers appropriate to discharge the functions set out in Schedules 2 and 3, the functions discharged by the associated committees of [London Councils] and any further functions which are delegated to [London Councils] or a Sectoral joint committee by all or any of the London Local Authorities; to accept such staff on secondment from any of the London Local Authorities for any of these purposes as [London Councils] considers appropriate and to procure accommodation for the purposes of this Agreement.
3. To enter into contracts for goods, works and services in relation to any aspect of the functions hereunder or such other functions as [London Councils] can lawfully discharge and to enter into service level agreements with any of the London Local Authorities or any other body in relation thereto.
4. To implement, in respect of the functions delegated to [London Councils]⁴² by the London Local Authorities hereunder, any duties or

⁴¹ This paragraph incorrectly refers to Clause 1.1.4 which does not exist in this Agreement and is amended to correctly refer to Clause 7.1 which relates to the delegation of the exercise of further functions. It appears that when this schedule was copied over from the First Agreement, the reference to clause 1.1.4 wasn't updated to reference the equivalent clause in this Agreement.

⁴² This joint committee approved the change of name from ALG to London Councils on 12 September

powers arising under the Best Value regime under the Local Government Act 1999.

PROVIDED THAT in discharging the Functions, [London Councils] shall ensure that in all its activities, [London Councils] and all its committees, representatives, staff and advisers pay full regard to the promotion of equal opportunities for all regardless of colour, creed, disability, gender, race or sexual orientation.

SCHEDULE 3

[...] ⁴³

SCHEDULE 4

LEAD AUTHORITY FUNCTIONS

1. To procure or provide such professional advice including but not limited to financial, IT, legal, surveying and personnel as [London Councils] may require for the due and proper execution of its duties
2. To provide or procure accommodation for the purposes of [London

⁴³ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.

[Deleted: **LONDON HOUSING UNIT COMMITTEE FUNCTIONS**

1. The Committee shall be concerned with the statutory powers and duties (hereinafter referred to as "functions") of Constituent Councils and the housing activities of other agencies, primarily to assist Constituent Councils to discharge their statutory housing functions.
2. The Committee shall also be concerned with the housing functions of councils generally and the housing activities of other housing agencies where it is to the benefit of the Constituent Councils in undertaking their statutory housing functions.
3. The activities of the Committee shall include:
 - (a) provision, organisation and co-ordination of housing publicity and information on issues relevant to member authorities;
 - (b) research and analysis on housing matters;
 - (c) evaluation and analysis on housing policy and service issues;
 - (d) other appropriate activities consistent with or contributing to the housing duties and functions of the Constituent Councils.
4. To carry out for and on behalf of Constituent Councils or other appropriate bodies or to assist Constituent Councils or other appropriate bodies to carry out investigations into and the collection of information relating to the housing functions of the Constituent Councils and the housing activities of other appropriate bodies.
5. To make for and on behalf of Constituent Councils or to assist in making arrangements for such information and the results of such investigations to be made available to Constituent Councils, other local authorities, any government department, other appropriate bodies or the public.
6. To assist the Constituent Councils in giving publicity to their functions and the amenities and/or advantages of and entitlements affecting their area individually and/or collectively.

To provide professional administrative and technical assistance to the Constituent Councils or other appropriate bodies in the preparation and implementation of specific projects proposed to be undertaken by one or more such Councils or other appropriate bodies.]

Councils]

3. To employ staff to undertake any [London Councils] function and/or to provide payroll facilities and access to pension arrangements for staff employed by [London Councils]
4. To negotiate and execute contracts in respect of goods, works, services and property transactions on behalf of the [London Councils] on request
5. To institute and defend in its own name any court proceedings on behalf of [London Councils] on request
6. Such other functions as may be agreed by [London Councils]

Schedule 5

[...] ⁴⁴

SCHEDULE 6

STANDING ORDERS

<http://www.londoncouncils.gov.uk/who-we-are/about-us/governance/constitutional-information>

] ⁴⁵

⁴⁴ The Grants Scheme is set out in Schedule 2 of the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014 [Previous schedule wording deleted]

⁴⁵ The Standing Orders have been amended a number of times since 2001. The current version was approved by London Councils (Leaders' Committee) on 15 July 2014 and includes amendments approved by London Councils (Leaders' Committee) on 2 June 2015.

SCHEDULE 7

[FINANCIAL REGULATIONS]⁴⁶

<http://www.londoncouncils.gov.uk/who-we-are/about-us/governance/constitutional-information>

⁴⁶ The Financial Regulations have been reviewed a number of times. This schedule includes the latest revisions approved by the London Councils (Leaders' Committee) on 2 June 2015

SCHEDULE 8

COSTS AND EXPENSES

1. General:

- 1.1 [London Councils] shall establish and maintain separate accounts for each of the groups of functions set out in Parts 1 – 3 of Schedule 2 [...] ⁴⁷ and Schedule 5 [the Common Council of the City of London] ⁴⁸) and any other functions delegated to [London Councils] or any Sectoral joint committee. [London Councils] and the Finance Officer shall have regard at all times to the principle underlying this Agreement of separation and ring-fencing of funding streams and costs of functions.
- 1.2 Subject to paragraph 2 below, the costs and expenses of the groups of functions set out in Parts 1 and 2 of Schedule 2 and Schedule 3 shall be borne by the London Local Authorities which subscribe to each of those groups of functions on the same basis as that on which they were allocated prior to the Commencement Date i.e. in equal shares, and any change in such allocation shall require the consent of all the London Local Authorities which subscribe to each of those groups of functions.
- 1.3 Subject to paragraph 2 below, the costs and expenses of the functions set out in Part 3 of Schedule 2 shall be borne by the London Local Authorities in such proportions as [London Councils] shall reasonably determine relates directly to the discharge of those functions, having

⁴⁷ Terminated under clause 13.2.1 following the dissolution of the London Housing Unit Committee with effect from 31 March 2008 in accordance with the decision of the Executive on 29 September 2006 to integrate the LHUC services into the core London Councils (Leaders' Committee) services, the unanimous agreement of the LHUC members on 13 November 2007 to dissolve the LHUC and London Councils (Leaders' Committee) decision on 11 December 2007 to reduce the notice period for termination.
[Deleted: , Schedule 3]

⁴⁸ Note, with reference to the Third Agreement, the Common Council of the City of London agreed to act as designated council with effect from 1st April 2004

regard to paragraph 1.1 above.

- 1.4 The allocation of costs and expenses in respect of any further functions which may be delegated to [London Councils] by all or any of the London Local Authorities shall be as agreed between [London Councils] and such Authorities
- 1.5 Subject to paragraph 2 below, the contributions of the constituent councils to the designated council in respect of grants made to eligible voluntary organisations under the [Grants Scheme]⁴⁹, the designated council function and any Lead Borough functions carried out by the designated council shall be in accordance with Section 48(3) Local Government Act 1985, i.e. in proportion to the populations of their respective areas
- 1.6 Subject to paragraph 2 below, the contributions of the Participating Councils in the [LCTEC] Agreement shall be in accordance with Parts 1 - 4 of Schedule 6 of that Agreement

2. Increases or Decreases in staffing , administration and accommodation costs

- 2.1 Any net increases in overheads including staffing, administration, accommodation costs (including fitting-out) and all reasonably related costs which result from the formation of [London Councils] and the delegation of the functions set out herein to [London Councils] which in [London Councils'] reasonable opinion and that of the Finance Officer are not directly attributable to the discharge of the functions or an improvement in the service received by a particular function as a result of the formation of [London Councils] shall be borne by an increase in

⁴⁹ Substituted by the Third Agreement. Note further amendments to the scheme were approved by London Councils (Leaders' Committee) on 15 July 2014

the subscription payable by each London Local Authority in respect of the Schedule 2 Part 1 functions, such increase to be allocated to the London Local Authorities in equal shares.

- 2.2 Any savings which, in the reasonable opinion of [London Councils], accrue from the creation of [London Councils] and the delegation to it of the functions set out herein shall accrue to the budget for the particular function(s) in which such savings are found

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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

	2021/22	2020/21
	£000	£000
Interest Payable	132	11
Interest and Investment Income	(85)	(221)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	841	558
Impairment loss/(gains) for bad debts	7	(7)
Total	895	341

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 2021/22, 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:

	2021/22	2020/21
	£000	£000
Revenue from contract	(1,367)	(1,455)
Impairment of contract receivables (annual movement)	-	-
Total	(1,367)	(1,455)

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

	2021/22	2020/21
	£000	£000
Receivables (included in debtors)	1,187	696
Total	1,187	696

In 2021/22, 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:

	2021/22	2020/21
	£000	£000
Revenue from contract	(80)	(86)
Total	(80)	(86)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

8. Revenue from Contracts with Service Recipients (continued)

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

	2021/22	2020/21
	£000	£000
Receivables (included in debtors)	50	-
Total Receivables	50	-
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 the Local Pensions Partnership. Where appropriate some functions are delegated to the Fund's professional advisers.

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

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

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

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 2022 (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 the future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2019 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2019 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2022 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 2022 (continued)

9. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2022:

Assumptions as at:	31 March 2022 (% per annum)	31 March 2021 (% per annum)
CPI increases	3.2	2.9
Salary increases	4.2	3.9
Pension increases	3.2	2.9
Discount rate	2.6	2.0

These assumptions are set with reference to market conditions at 31 March 2022.

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

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

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

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

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

As a result of this crisis, many equity markets across the globe have witnessed significant falls, but so far the impact has been felt most prominently in equities with a close link to Russian markets, i.e. Russian equities themselves and in European tilted funds. Beyond equity markets, we have also seen volatility in government bond and credit markets. However, there has been no large directional move to date. The expected longer-term impact on gilt yields will largely depend on how these developments affect inflation (for example, through disruption to the supply of energy and commodities), and how central banks react to this.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. Pensions (continued)

Demographic and Statistical Assumptions

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

The CMI have made a material change to CMI_2020 (compared to previous versions) due to the impact of abnormal mortality data in 2020. This change introduces a “2020 weight parameter” for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. The CMI have confirmed the core value of this parameter will be 0% (i.e. no allowance for 2020 mortality data). However, the CMI encourages users to consider the parameter in detail before adopting a certain value, and not to take the core values as the CMI’s “recommendation”.

Changing the 2020 weight parameter has a material impact on projected mortality improvements from 2020. Placing a higher weight on data for 2020 leads to materially lower future mortality improvements as you would expect. However the impact of the 2020 weight parameter on future mortality improvements “dissipates” over time, with the effect completely disappearing by 2040.

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

	31 March 2022	31 March 2021
Retiring today:		
Males	22.8	22.7
Females	24.6	24.5
Retiring in 20 years:		
Males	23.6	23.5
Females	26.0	26.0

The following assumptions have also been made:

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. Pensions (continued)

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2022:

	At 31 March 2022		At 31 March 2021	
	£000	%	£000	%
Equities	40,744	57%	34,736	55%
Target return portfolio	15,418	22%	14,356	23%
Infrastructure	7,293	10%	5,343	9%
Property	6,423	9%	5,515	9%
Cash	1,706	2%	2,613	4%
	71,584	100%	62,563	100%

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

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2022 is as follows:

	At 31 March 2022	At 31 March 2021
	£000	£000
Fair value of employer assets	71,584	62,563
Present value of scheme liabilities	(102,706)	(104,985)
Net Liability	(31,122)	(42,422)
Present value of unfunded liabilities	(67)	(74)
Net Liability in Balance Sheet	(31,189)	(42,496)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2022 is as follows:

	At 31 March 2022	At 31 March 2021
	£000	£000
Service cost	3,136	1,968
Net interest on the defined liability	841	558
Administration expenses	81	70
Total	4,058	2,596

The reconciliation of the Defined Benefit Obligation at 31 March 2022 is as follows:

	At 31 March 2022	At 31 March 2021
	£000	£000
Opening Defined Benefit Obligation	(105,059)	(78,306)
Current service cost	(3,136)	(1,968)
Interest cost	(2,087)	(1,825)
Change in financial assumptions	6,322	(26,010)
Change in demographic assumptions	-	816
Experience (gain)/ loss on defined benefit obligation	(209)	945
Estimated benefits paid net of transfers	1,874	1,765
Contributions by scheme participants	(483)	(481)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	(102,773)	(105,059)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2022 is as follows:

	At 31 March 2022	At 31 March 2021
	£000	£000
Opening Fair Value of Employer's Assets	62,563	54,158
Interest on assets	1,246	1,267
Return on assets less interest	8,431	7,659
Other actuarial losses	-	-
Administration expenses	(81)	(70)
Contributions by employer	821	838
Contributions by scheme participants	483	481
Estimated benefits paid plus unfunded net of transfers in	(1,879)	(1,770)
Closing Fair Value of Employer's Assets	71,584	62,563

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	100,565	102,773	105,032
Projected service cost	2,693	2,793	2,895
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	102,959	102,773	102,588
Projected service cost	2,794	2,793	2,791
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	104,830	102,773	100,760
Projected service cost	2,895	2,793	2,694
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	107,059	102,773	98,664
Projected service cost	2,916	2,793	2,674

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2022 is as follows:

	At 31 March 2022	At 31 March 2021
	£000	£000
Return on plan assets in excess of interest	8,431	7,659
Other actuarial losses on assets	-	-
Change in financial assumptions	6,322	(26,010)
Change in demographic assumptions	-	816
Experience gain/(loss) on defined benefit obligation	(209)	945
Re-measurements	14,544	(16,590)

The projections for the year to 31 March 2023 is as follows:

	31 March 2023
	£000
Service cost	2,793
Net interest on the defined liability	800
Administration expenses	93
Total	3,686
Employers contribution	830

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 2021/22 tax year was 3% (2020/21: 3%) while the adjudicators' minimum contribution rate was 5% (2019/20: 5%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	2021/22	2020/21
	£000	£000
Current period contributions	32	24

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. Property, Plant and Equipment

Movements in 2021/22:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2021	1,224	2,143	3,367
Additions	57	-	57
Disposals	-	(85)	(85)
At 31 March 2022	1,281	2,058	3,339
At 1 April 2021	978	1,306	2,284
Charge for the year	106	171	277
Charge relating to Disposals	-	-	-
At 31 March 2022	1,084	1,477	2,561
Net Book Value			
At 31 March 2022	197	581	778
At 31 March 2021	246	837	1,083

Movements in 2020/21:

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

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 2022 (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 2022	31 March 2021
	£000	£000
Balance at start of year:		
Gross carrying amount	18	39
Accumulated amortisation	(17)	(37)
Net carrying amount at start of year	1	2
Additions		
Disposals:		
Reduction to carrying amount	-	(21)
Reduction to accumulated amortisation	-	21
Amortisation for the period	(1)	(1)
Net carrying amount at end of year	(1)	(1)
Comprising:		
Gross carrying amount	18	18
Accumulated amortisation	(18)	(17)
	-	1

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 2022	31 March 2021
	£000	£000
Amounts owed by member authorities	2,904	1,608
Payments in advance	327	610
Other debtors	3,437	4,375
Impairment losses for bad debts	(137)	(133)
Total	6,531	6,460

13. Cash and Cash Equivalents

	31 March 2022	31 March 2021
	£000	£000
Cash held by the Committee	251	590
Cash balances held by the City of London	15,510	14,659
Total	15,761	15,249

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

14. Short Term Creditors

	31 March 2022	31 March 2021
	£000	£000
Amounts owed to member authorities	(5,723)	(5,200)
Receipts in advance	(819)	(707)
Accruals	(2,866)	(2,203)
Other creditors	(255)	(28)
Total	(9,663)	(8,138)

15. Provisions

	Property Lease Provisions £000
Balance at 1 April 2021	(740)
Additional Provisions made in 2021/22	(149)
Unwinding of discount	(11)
Amounts used in 2021/22	-
Unused amounts reversed in 2021/22	-
Balance at 31 March 2022	(900)

Analysis of Total Provisions:

	£000
Current	(214)
Non-current	(686)
Total Provision	(900)

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 and March 2021 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. There has been no internal decoration work carried out to date.

16. Long Term Creditors

	31 March 2022	31 March 2021
	£000	£000
Amounts owed to member authorities	(238)	(394)
Accruals	(3)	(39)
Total	(241)	(433)

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

17. Financial Instruments

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

Financial assets:

	31 March 2022	31 March 2021
	£000	£000
Amortised cost	21,865	21,458
Total financial assets	21,865	21,458
Non-financial assets	1,205	1,335
Total assets	23,070	22,793

Financial liabilities:

	31 March 2022	31 March 2021
	£000	£000
Amortised cost	(10,639)	(9,080)
Total financial liabilities	(10,639)	(9,080)
Non-financial liabilities	(31,354)	(42,727)
Total liabilities	(41,993)	(51,807)

18. Usable Reserves

	31 March 2022	31 March 2021
	£000	£000
General Reserve	10,487	11,584
Freedom Pass Renewal Reserve	931	792
Special Projects Reserve	1,013	1,337
Total	12,431	13,713

19. Transfers to Specific Reserves

Transfers (from)/to the Specific Reserves during the year ended 31 March 2022:

	Balance at 1 April 2021	Transfer out	Transfer In	Balance at 31 March 2022
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	792	-	139	931
Special Projects Reserve	1,337	(324)	-	1,013
Total	2,129	(324)	139	1,944

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

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

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

20. Unusable Reserves

	31 March 2022	31 March 2021
	£000	£000
Pensions Reserve	(31,189)	(42,496)
Accumulated Absences Reserve	(165)	(231)
Total	(31,354)	(42,727)

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.

	2021/22		2020/21	
	£000	£000	£000	£000
Balance at 1 April		(42,496)		(24,148)
Actuarial (losses)/gains on pension assets and liabilities		14,544		(16,590)
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	(4,058)		(2,596)	
Employer's pensions contribution and direct payments to pensioners payable in the year	821		838	
		(3,237)		(1,758)
Balance at 31 March		(31,189)		(42,496)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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.

	2021/22		2020/21	
	£000	£000	£000	£000
Balance at 1 April		(231)		(154)
Settlement or cancellation of accrual made at the end of the preceding year	231		154	
Amounts accrued at the end of the current year	(165)		(231)	
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		66		(77)
Balance at 31 March		(165)		(231)

21. Cash Flow Statement – Operating Activities

	2021/22		2020/21	
	£000	£000	£000	£000
Deficit on Provision of Services		(4,453)		(2,155)
Adjusted for:				
Current Service Cost Adjustment	2,396		1,200	
Depreciation	276		249	
Amortisation of Intangible Assets	1		1	
Net loss on Pension Scheme Assets/Liabilities	841		558	
Provision for liabilities and charges	160		(197)	
Carrying amount on aborted refurbishment costs	85			
Increase in Debtors	(71)		837	
Increase in Creditors	1,333		(1,693)	
Adjustments for non-cash movements		5,021		955
Finance and investment expenditure	139		11	
Finance and investment income	(85)		(221)	
Adjustments for investing and financing activities		54		(210)
Net cash flows from Operating Activities		622		(1,410)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. Cash Flow Statement – Investing Activities

	2021/22	2020/21
	£000	£000
Finance and investment expenditure	(139)	(11)
Finance and investment income	85	221
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(56)	(227)
Total	(110)	(17)

23. Leases**Operating Leases**

The Committee uses leased properties under the terms of operating leases. The amounts recognised in the accounts under these arrangements during the year amounted to £1,08 million (2020/21: £1.08 million) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

The minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2022	31 March 2021
	£000	£000
Not later than one year	1,272	1,272
Later than one year and not later than five years	3,204	4,476
Total	4,476	5,748

24. Intragroup Transactions

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

	2020/21	2019/20
	£000	£000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	515	472
Income	(515)	(472)
Transfer between London Councils Joint Committee and London Councils Transport and Environment Committee for climate change work:		
Expenditure	146	105
Income	(146)	(105)

25. Members' Allowances

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

	2021/22	2020/21
	£000	£000
Members' Allowances	239	236

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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	
	2021/22	2020/21
£50,000 - £54,999	14	20
£55,000 - £59,999	4	2
£60,000 - £64,999	4	3
£65,000 - £69,999	2	1
£70,000 - £74,999	1	-
£80,000 - £84,999	1	6
£85,000 - £89,999	4	3
£90,000 - £94,999	3	1
£95,000 - £99,999	1	-
£100,000 - £104,999	1	1
£105,000 - £109,999	2	2
£110,000 - £114,999	1	-
£115,000 - £119,999	2	1
£120,000 - £124,999	-	1
£125,000 - £129,999	-	1
£135,000 - £139,999	-	-
£140,000 - £144,999	-	1
£160,000 - £164,999	-	1

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2021/22 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 £
New Chief Executive (Alison Griffin)	119,896	-	-	119,896	16,306	136,202
Chief Executive (John O'Brien) ³	20,141	-	-	20,141	1,817	21,958
Deputy Chief Executive	69,746	-	-	69,746	9,485	79,231
Director, Corporate Governance	87,999	-	-	87,999	11,968	99,967
New Director, Corporate Resources	50,967	-	-	50,967	6,932	57,899
Director, Corporate Resources ³	63,887	-	-	63,887	7,601	71,488
New Director, Transport and Mobility	71,211	-	-	71,211	9,685	80,896
Director, Transport and Mobility ³	55,515	-	-	55,515	7,665	63,180
Strategic Director, Young People Education and Skills, Community Services and Grants	109,999	-	-	109,999	14,960	124,959
Director, Communications	109,999	-	-	109,999	14,960	124,959
Director LG Finance and Improvement	77,502	-	-	77,502	10,540	88,042
Total	836,862	-	-	836,862	111,919	948,781

³ Left during 2021/22

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

26. Officers' Remuneration (continued)

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

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

27. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2021/22 (2020/21: £62,214).

28. External Audit Costs

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

	2020/21	2020/21
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts and Employers' Association Return	65	47
Additional fees payable in respect of the audit of the 2019/20 Statement of Accounts and Employers' Association Return	-	6
	65	53

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 n).

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 2021/22 was £43.189 million (2020/21: £46.181 million). The total value of expenditure on rent, rates, professional fees and the distribution of grants paid to member boroughs during 2021/22 was £2.798 million (2020/21: £2.313 million). On 31 March 2022, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.904 million (2020/21: £1.608 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £5.961 million (2020/21: £5.594 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 20/21 was £8.738 million (2020/21: £6.129 million). The total value of payments to TfL during 2020/21 was £150,000 (2020/21: Nil). On 31 March 2022, the value of debtor balances owed by TfL amounted to £808,000 (2020/21: £794,000) and the value of creditor balances owed to TfL amounted to £180,000 (2020/21: £214,000).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (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 2021/22 amounted to £6.293 million (2020/21: £3.783 million). The total value of funding received from Central Government in 2019/20 amounted to £118,000 (2020/21: £150,000). On 31 March 2022, the value of debtor balances owed by central government bodies amounted to £427,000 (2020/21: £560,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £442,000 (2020/21: £239,000).

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 2021/22 was £832,000 (2020/21: £839,000). On 31 March 2022, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £1,000 (2020/21: £1,000).

30. Grant Commitments

The value of grant commitments in 2022/23 is £6.173 million.

31. Concessionary fares

These accounts do not include the amount of £275.975 million (2020/21: £318.763 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme. Whilst these direct payments are included in the Committee's annual budget they are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs will artificially inflate London Councils income and expenditure.

32. Segmental Reporting

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

Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2021/22 which is for information and not covered by the Independent Auditor’s Report

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000
Cost of Services						
Borough commissioned services	6,188	(6,173)	15	6,101	(6,173)	(72)
ESF commissioned services	-	(12)	(12)	49	(27)	22
NRPF commissioned services	319	-	319	618	-	618
Homelessness Hub	300	-	300			
Cost of Services	6,807	(6,184)	622	6,768	(6,200)	568
Other Operating Expenditure	568	(495)	73	491	(504)	(13)
Financing and investment income and expenditure	39	(8)	31	15	(20)	(5)
Deficit on Provision of Services	7,414	(6,687)	726	7,274	(6,724)	550
Re-measurement of the net defined liability			(256)			186
Other Comprehensive Income and Expenditure			(256)			186
Total Comprehensive Income and Expenditure			470			736

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2021/22 which is for information and not covered by the Independent Auditor’s Report

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000
Cost of Services						
Freedom Pass and Taxicard services	27,931	(28,525)	(594)	29,903	(29,792)	111
Direct Services	12,145	(12,837)	(692)	9,163	(9,813)	(650)
Cost of Services	40,076	(41,362)	(1,286)	39,066	(39,605)	(539)
Other Operating Expenditure	2,453	(318)	2,136	2,003	(326)	1,677
Financing and investment income and expenditure	265	(20)	245	163	(79)	84
Deficit on Provision of Services	42,795	(41,699)	1,095	41,232	(40,010)	1,222
Re-measurement of the net defined liability			(4,888)			4,755
Other Comprehensive Income and Expenditure			(4,888)			4,755
Total Comprehensive Income and Expenditure			(3,793)			5,977

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2021/22 which is for information and not covered by the Independent Auditor’s Report

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

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000
Cost of Services						
Recovery Fund	192	(192)	-	170	(170)	-
Externally Funded Projects	2,979	(2,980)	(1)	3,239	(4,007)	(768)
Improvement and Efficiency	100	(100)	-	123	(123)	-
Research and Commissioning	375	(375)	-	260	(260)	-
YPES Regional Activity	30	(180)	(150)	19	(180)	(161)
Net Cost of Services	3,676	(3,827)	(151)	3,811	(4,740)	(929)
Other Operating Expenditure	8,154	(5,990)	2,164	6,857	(5,807)	1,050
Financing and investment income and expenditure	669	(50)	619	391	(129)	262
Deficit on Provision of Services	12,499	(9,867)	2,632	11,059	(10,676)	383
Re-measurement of the net defined liability			(9,400)			11,649
Other Comprehensive Income and Expenditure			(9,400)			11,649
Total Comprehensive Income and Expenditure			(6,768)			12,032

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2021/22 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £515,000 (2020/21: £472,000) and income of £515,000 (2020/21: £472,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to London Councils Transport and Environment Committee. There is also a transfer of £146,000 from the Transport and Environment Committee to the core Joint Committee to fund climate change related policy work.

These amounts are removed on consolidation as follows:

	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net £000
Net Cost of Services	3,676	(3,827)	(151)	3,811	(4,740)	(929)
Other Operating Expenditure	8,154	(5,990)	2,164	6,857	(5,807)	1,050
	11,830	(9,817)	2,013	10,688	(10,547)	121
Recharge of premises costs	(515)	515	-	(472)	472	-
Transfer between Committees	(146)	146	-	(105)	105	-
Amount included in Consolidated Income and Expenditure Statement	11,169	(9,156)	2,013	10,091	(9,970)	121

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2021/22 £000	2020/21 £000
Staff costs	5,627	4,812
Premises costs	1,522	1,276
Other running costs	1,005	769
Total	8,154	6,857

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.