

Executive

Audited Accounts 2018/19

Item no: 5A

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Date:	12 November 2019		
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Summary	This report presents the audited statement of accounts for 2018/19 for adoption and compares the results to the pre-audited position reported to the Executive at their meeting held on 18 June 2019.
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Recommendations	<p>The Executive is asked:</p> <ul style="list-style-type: none">• to note the changes between the pre-audited and audited financial outturn for 2018/19 for each of London Councils' three committees; and• to formally adopt each of the three statutory accounts attached at Appendices A to C.
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Audited Accounts 2018/19

Introduction

1. At its meeting on 18 June 2019, the Executive was informed of the provisional pre-audited consolidated financial outturn of London Councils for the year ended 31 March 2019. The external auditors, KPMG, completed their work on the financial accounts and have issued unqualified opinions on all three accounts. This report summarises the differences identified between the pre audited and audited figures and provides members with a brief explanation of the changes. London Councils' Audit Committee approved the audited accounts at its meeting on 18 September 2019.

Audited Accounts

2. The audited accounts are included at appendices A to C of this report. Table 1 below compares the pre-audited and audited net surplus for the year (including the transfer to/from reserves) for each of the three accounts.

Table 1 – Comparison of the Comprehensive Income and Expenditure Statement pre-audited and audited Net Surplus for 2018/19

Accounts	Pre-Audited (£000)	Audited (£000)	Difference (£000)
Joint Committee	(1,166)	(886)	280
Grants Committee	(200)	(198)	2
TEC	(1,739)	(1,435)	304
Total	(3,105)	(2,519)	586

3. The reason for the movements are as follows:
 - Joint Committee – the decrease in the pre-audited surplus is attributable to a provision of £284,000 to cover potential shortfalls in funding of the borough ESF funded programme services. A review of balances held in respect of previous ESF programmes will be carried out to identify funds that can potentially offset any shortfalls arising. Measures were introduced during 2017/18 and 2018/19 to mitigate the extent of these potential shortfalls, which include the recruitment of an ESF technical advisor and a restructuring of the existing administration team to best support delivery of the programme and deliver efficiencies in terms of reduced costs. The financial effect of this adjustment was reflected in the June report to the Executive and, therefore, has no effect on the overall level of projected uncommitted reserves going forward into the current financial year. The

increase in expenditure of £284,000 was offset by additional recharge income of £3,000 and a rounding difference of £1,000.

- Grants Committee – the decrease of £2,000 in the pre-audited surplus is attributable to an increase in the recharge of the annual audit fee.
 - TEC – the decrease in the pre-audited surplus is attributable to the TEC sub-committee's approval of the transfer of £302,000 to the 2020 Freedom Pass Re-issue Reserve at its meeting on 18 July 2019, an increase in the recharge of the annual audit fee of £1,000 and a rounding difference of £1,000.
4. Table 2 below compares the pre-audited and audited level of reserves (excluding the Pension and Accumulated Absences Reserves) as at 31 March 2019 for each of the three funding streams.

Table 2 – Comparison of pre-audited and audited reserves as at 31 March 2019

Accounts	Pre-Audited (£000)	Audited (£000)	Difference (£000)
Joint Committee	5,466	5,186	(280)
Grants Committee	2,053	2,051	(2)
TEC	7,491	7,489	(2)
Total	15,010	14,726	(284)

5. The difference between the decrease in reserves of £284,000 and the decrease in the total revenue surplus for the year of £586,000 (Table 1) is due to the transfer of £302,000 to the 2020 Freedom Pass Re-issue Reserve.

Annual Governance Statement

6. An Annual Governance Statement (AGS) is included in the audited accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and guidance issued by CIPFA/SOLACE. The AGS was approved by London Councils Audit Committee at its meeting on 20 June 2019. KPMG reviewed the AGS as part of their audit work and concluded that it complies with the requirements of the Code and relevant guidance.

Financial Implications for London Councils

The financial implications are incorporated into the report

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix A - Consolidated Statement of Accounts of London Councils Joint Committee for 2018/19

Appendix B – Statement of Accounts of London Councils Grants Committee for 2018/19

Appendix C – Statement of Accounts of London Councils Transport and Environment Committee for 2018/19

Background Papers

Final Accounts working files 2018/19

London Councils' Executive Report on Consolidated Pre-Audited Financial Results 2018/19 of 18 June 2019



**LONDON COUNCILS JOINT COMMITTEE
CONSOLIDATED STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2019**

LONDON COUNCILS - JOINT COMMITTEE

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**Review of the year****About London Councils**

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

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

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

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

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

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

Resources

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

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

In 2018/19, we:

- Supported the City of London (as the Lead Authority) in delivering the London 100 per cent business rates retention pilot pool that generated nearly £400 million of additional funding for London government (the boroughs and the GLA).
- Facilitated the investment of £46 million of this funding in strategic growth projects directly decided by borough Leaders and the Mayor, that promote economic growth through housing, regeneration, skills, transport and digital infrastructure across the capital.
- Negotiated an extension to the pilot for 2019/20, that will see London Government pilot 75 per cent business rates retention ahead of the full national scheme estimated to generate a further £170 million of additional funding and see another £40 million invested in strategic growth projects.
- Worked with London business lobby groups on a joint submission to the Treasury Select Committee inquiry into the impact of business rates on businesses.
- Responded to further consultations on relative needs and resources as part of the government's Fair Funding Review, and proposals for national 75 per cent business rates retention scheme both due in 2020.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Launched our Investing in the future lobbying campaign ahead of the 2019 Spending Review with briefings published at: the London Councils' Summit in November 2018; an event with the business sector in January 2019; and a further event with the voluntary and community sector in February. We have also been actively building support and collaboration with the Mayor and other urban areas.
- Undertook further research with Directors of Children's Services and Finance in relation to funding pressures within children's social care and the growing pressures related to children with Special Educational Needs (SEN). The funding crisis in children's services is the most important issue facing the sector. The government recognised this by finding extra funding for social care in the 2019/20 finance settlement, and an additional £200 million to support High Needs nationally (£40 million in London).
- Produced London Councils' strategic representation to government ahead of the Budget and lobbied in response to the local government finance settlement. Coordinated lobbying across the sector led to an additional £650 million of funding being allocated to social care by the government (£100 million of which went to London Boroughs).
- Supported borough finance teams and continued to produce a range of analysis and tools for boroughs to use as part of their financial planning.
- Continued to support the London Self Improvement Board building a collaborative approach with Chief Executives, Treasurers and other and senior officers, underpinned by data analysis and research. This included successful peer support programmes for Chief Executives and Finance Directors across London.

Health and Adult Care

We support London boroughs to improve the health and wellbeing of their populations. Boroughs have responsibilities to support Public Health and Wellbeing, as well as to provide Londoners with the adult social care services that can enable them to live their lives as fully, independently and safely as possible, despite illness or accidents, frailty, old age, disability or vulnerability. Our work in these areas in 2018/19 included:

- Successfully achieving a renewal of the London HIV Prevention Programme, with an agreed three-year commitment from April 2019 – March 2022. This funding agreement in the sum of £1.08 million per year will be delivered at no increase in cost over the period on the basis that some long-term savings can be achieved. The success of the programme has contributed to a reduction in the number of new HIV diagnoses in London for the second year running. Last year, 1,549 Londoners were diagnosed with HIV, compared with 1,986 in 2016 - a fall of 22 per cent. Since 2015, new diagnoses of HIV infections have fallen by 37 per cent in London, compared to a reduction of 19 per cent across the rest of England. London Councils held an APPG for London event on London's HIV Challenge and is preparing a short promotional film about the programme for stakeholders.
- In March 2019, the NHSE announced plans for an expansion of the PrEP Impact Trial by providing an additional 13,000 places nationally. PrEP is a drug that can prevent the spread of the HIV infection for at risk groups. The aim of the trial is to assess the level of take up and eligibility. It began in 2017 and will last for three years. London has agreed to accept at least 4,000 additional places, with 7,500 London already on the Trial to date, meaning London boroughs will be delivering around half of the total Trial places. London has always supported the aims of the Trial as it plays an important role in London's HIV prevention response.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- The second annual London Illegal Tobacco awareness campaign took place in July 2018. The campaign was supported by London Councils, London Trading Standards, Public Health England (PHE) London and Association of Directors of Public Health (ADPH) London. The campaign involved a variety of outreach activities including roadshows in 20 boroughs and awareness raising stalls located in boroughs during summer events. During the road show, officers carried out 447 surveys to better understand the public's knowledge, attitudes, and experience of illegal tobacco and to assess the willingness to report premises they suspect of selling it. Local intelligence gathered during the period included 72 high quality intelligence reports. Following the campaign and as part of a series of raids by local Trading Standards teams 3,600 cigarettes and 26.6kg of hand rolled tobacco were seized quantities of illegal tobacco products were seized from homes, shops and market stalls. London Councils provides the communications support during and after the campaign.
- Strengthened relationships with health partners, jointly establishing the London Estates Board which has been tasked to improve the health and care estate across the capital by working together to repurpose unused land; repair current aging property and transforming sites into world class health and care facilities.
- Through the year London Councils successfully lobbied government for additional funding to address the funding gap in social care. This culminated in additional funding announcements for social care of £240 million (£37 million for London) in October 2018 to help address winter pressures, with an additional £410 million (£63 million for London) was announced in the autumn budget.
- Worked with senior officers to develop a strong lobbying position on adult social care in advance of the adult social care green paper and used it to influence and shape the national debate on the future of adult social care.
- Established governance arrangements to strengthen relationships and joint working between local authorities and health at a London level, this included strengthening local authority membership on the London Health Board, through which we continue to successfully bring together key senior level officers and Members from health and social care to provide strategic leadership and together work towards breaking down any barriers in the sector.

Economic Development

London's economy is a vital contributor to national wealth responsible for a net contribution for around £32.5 billion a year to the UK economy. And while the capital is famously home to a large number of global businesses, the majority of London's economic activity is generated by the thousands of small and medium businesses that supply a large proportion of the 5.86 million jobs in the capital (20 per cent of the UK total jobs). As such, tending to the economic health of the capital's businesses and ensuring Londoners have the rights skills to seize the opportunities and promote growth is an important responsibility for London local government. London Councils' policy team has worked with boroughs across a number of areas in 2018/19 to further these aims, including:

- Publishing proposals for further reform of employment services in our Better Ways to Work report and are working with partners, including Jobcentre Plus, to implement some of these reforms.
- Supporting boroughs and Sub-Regional Partnerships to deliver the devolved Work and Health Programmes across London, working with the Department for Work and Pensions (DWP) and other partners to increase the number of Londoners starting on the programme.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Gaining commitment from the Mayor to jointly develop a long-term Skills and Employment Vision for London, that will form the basis for part of London's Local Industrial Strategy and should influence priorities for future funding streams.
- Securing strong borough representation on the Skills for Londoners board ensuring borough views are reflected in the Mayor's Skills for London strategy
- Leading the development of a joint statement on business rates and their impact on London's economy with Federation of Small Businesses (FSB), London Chamber of Commerce and Industry (LCCI), London First and the GLA, making the case for greater local powers over the setting and administration of business rates.
- Undertaking a survey of 1,000 businesses across the capital with LCCI focusing on skills issues, launching this at a pan-London event and holding a series of sub-regional business events to discuss the survey. The survey results informed our lobbying around apprenticeships.
- Developing a joint proposal for reforms to the Apprenticeship Levy with the Mayor, London First, LCCI and four Sub-Regional Partnerships. The government has already announced some reforms and is reviewing the operation of the levy.
- Working with boroughs to develop a framework to jointly procure social worker and occupational therapist apprenticeships to achieve scale, efficiencies and a customised training programme. To date, 27 boroughs have committed to using the framework.
- Hosting a successful London Borough Apprenticeship Awards on 28 September 2018 to celebrate the work of apprentices in London boroughs and their suppliers.

Support for London Culture:

- Working through the London Culture Forum to secure funding from the GLA for a two-year programme of support for arts and culture borough officers to share good practice from the London Borough of Culture programme.
- Supporting London boroughs in developing their bids for the London Borough of Culture competition, administering grants to provide external support for borough bids.
- Contributing to the Cultural Cities Enquiry that proposed innovative ways of increasing funding for culture, given declining public funding, working with Core Cities, Key Cities and the Arts Council.

Capital Ambition

Capital Ambition was established in 2008 as the regional improvement and efficiency partnership for London. Capital Ambition has led and supported London local authorities in realising greater efficiency, performance improvement, innovation and new ways of working together to delivery local public services in the boroughs.

Since 2013, Capital Ambition has driven innovation in local government through the London Ventures programme.

London Ventures is delivered in partnership with EY, the professional services firm. This programme provides local government with access to innovative products, services and ideas that can help to improve the effectiveness and efficiency of local public services; ultimately improve outcomes for Londoners.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The programme is divided into two broad areas:

- General ventures provide access to a range of partners that provide market ready solutions to be deployed across areas ranging from back offices functions to social care and data analytics.
- The targeted ventures programme applies an innovation process to tackle some of the key challenges facing London local government. The London Ventures team have already applied the process to identifying solutions in homelessness, temporary accommodation and housing, and are now looking at ideas to support the children and families' agenda.

London Ventures is funded and governed by London Councils through the member-led Capital Ambition Board. The Board is supported by Chief Executives and Finance Directors from the London local authorities.

Key developments

There have been a number of key developments in the London Ventures programme in 2018/19 including: A refreshed range of partners for local authorities to work with. As part of the yearly refresh of the London Ventures, three new venture partners have joined the programme:

- **Autonome** - helps Local Authorities measure the progress of people with Learning Disabilities to improve decision making and deliver better outcomes through the use of apps to support their independence.
- **EveryLIFE** – provides Local Authorities with access to real time information and intelligence about the delivery of social care to enable councils to commission more effectively and improve outcomes for its service users.
- **Pythagoras** – supports Local Authorities to transform their digital transformation strategies through the Microsoft platform.

Continued partnerships with the following London Venture partners have been confirmed:

- **Xantura** - a provider of data sharing and advanced analytics to the public sector. The solutions are designed to help professionals make more timely, better informed decisions with less administrative effort.
- **FISCAL Technologies** – a technology provider that can reduce the incidence of errors and incorrect invoice payments.
- **Oxygen Finance** – an early payment provider that can create an income stream for Local Authorities while also improving the sustainability and cash flow of small businesses.
- **Cornerstone** – supports local authorities to improve their fostering and adoption services through the use of virtual reality experiences and a programme to support home adaptations and increase capacity for foster carers.

Through the targeted ventures work we have seen:

- The development of six concepts/ideas to support improvement in children and families services after collaborating with a range of LAs officials, other public sector bodies, young people, investors and innovators.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- The expansion and formalisation of PLACE and Capital Letters that were support in their initial formation by London Ventures and the work on housing, homelessness and housing.

In addition, the London Ventures programme was recognised at the 2019 Management Consultancies Awards for both Project of the Year and Innovation in Digital and Technology.

The positive nature of the year for Capital Ambition was reflected in the increasing value and reputation of its London Ventures programme. In March, Leaders' Committee gave its support to a continuation of the programme and tasked officers with exploring new opportunities to expand its success through a long-term sustainable funding model.

Housing and Planning

Housing in London is increasingly unaffordable for larger numbers of people and new building continues to lag far behind the growth in population. On any given night in the capital London's boroughs accommodate more than 55,000 homeless households, around 18,000 more people each night than in 2010. There is no one solution to London's housing crisis but London Councils' housing policy team, working with colleagues across London boroughs, are actively advancing positive solutions while pressing the government to do more to support London local authorities in building more of the homes London needs. Particular developments in 2018/19 are set out below:

Ministerial Meeting and Housing Conference

London Councils' political leads attended a meeting in February with Housing Minister Kit Malthouse to discuss barriers to housing supply. To inform future communications and consider wide ranging solutions, a conference was organised to consider a more holistic view on potential solutions. The cross sectoral conference on barriers to housing supply took place in March 2019, with more than 100 senior attendees from councils, the private sector and housing associations. We are now looking at ways of continuing this conversation long term, bringing different sectors together to create the step change in delivery needed to meet London's needs, especially in terms of affordable supply.

This work follows the achievement of a key London Councils lobbying ask: The HRA borrowing cap removal. We were pleased to see that London Councils' intense lobbying for the removal of the HRA borrowing cap was heeded by government, who moved to abolish the cap at the end of 2018. This has been a long-term aim. We are now focusing on advocating for additional flexibilities and increased retention of right to buy receipts, government will shortly respond to their consultation on this.

Homelessness Supply Projects

London Councils, working closely with individual boroughs, the London Housing Directors Group and London Ventures, has launched two projects to increase and provide efficiencies on Temporary Accommodation Supply which together bring in £48 million in additional funding into London on homelessness:

- **Capital Letters** – 13 boroughs have now formally joined the joint procurement company, benefitting for £37 million in funding from government. The scheme will start procuring properties in June 2019. London Councils will look to share learning and outcomes with all boroughs as the innovative programme scales up delivery over the summer.
- **PLACE** – A number of boroughs were involved in the design of this project which places modular units on meanwhile sites for use as Temporary Accommodation. Four boroughs have formally joined the company, with numerous others considering sites for the scheme. The project was successful in bidding for £11 million from the GLA Innovation Fund for delivery of 200 units.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Homelessness Lobbying**

April 2019 marked the one-year anniversary of the introduction of the Homelessness Reduction Act. London Councils previously successfully lobbied for an £11 million increase in the funding to support the Act's introduction. London Councils has now commissioned work to evaluate the funding required by borough homelessness services over the course of the next Spending Review period (the Spending Review is due this autumn). This evaluation will form a key part of London Councils' submission to government.

London Councils also saw a key lobbying win with an end to Section 21 no fault evictions. The government announced in spring 2019 that it will consult to abolish section 21 clauses, meaning an end to no-fault evictions and going some way to rebalancing the power between landlords and tenants. London Councils has been actively calling for this over the last year.

Closer Working with the G15

London Councils has instituted regular strategic meetings between G15 Chief Executives and the London Councils Housing Leads. This has led to various other work including:

- A more operational working group was established, chaired jointly by the London Housing Directors Group and the G15, to explore joint working on homelessness and development, they will shortly produce a report on barriers to affordable delivery among other work.
- A financial inclusion workstream focused on sharing best practice on homelessness prevention.

London Plan

Following the spring 2018 consultation, the London Plan proceeded to Examination in Public from the end of 2018. The housing policy hearings are now completed (although hearings in other policy areas continue). London Councils raised a number of key concerns on behalf of member boroughs particularly in relation to the viability of the policies on small sites and density; which we are concerned place significant new burdens on borough planning teams and could result in a reduction in local control around development as well as concerns on the deliverability of the overall target.

Fire Safety

London Councils has led a pan-London response to building safety following the fire at Grenfell Tower. Many of our key policy asks have been taken forward, at least to some measure including funding for social sector remediation of dangerous cladding (c.£200 million spent in London), funding for remediation in the private sector, amended Housing Act 2004 powers, the ban of combustibles from the external walls of buildings over 18m, and the creation of a new national taskforce to support borough enforcement in the private sector (supported by up to £1 million of funding nationally).

Children's Services and Schools

London's job market is one of the most competitive in the country and it is vital we equip our young people with the skills needed to compete in a global city. At a time when the education landscape is changing considerably it is all the more important for borough leaders and policy makers to have accurate and up-to-date data on performance and pressures facing London's schools to ensure they have the best chance to continue to serve London well. Our work in this area in 2018/19 included:

- With 700,000 children living in poverty in London, 54,000 children and young people on an Education, Health and care Plan (EHCP) over 15,000 children in care each year, and more than 1,500 unaccompanied asylum seeking children, and having seen a 40 per cent rise in children on protection plans since 2010 – adequate funding for children's services has been identified as the number one priority for London Councils in its lobbying work ahead of the Spending Review.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- London Councils undertook an extensive survey of all London boroughs to establish a full picture of funding pressures in children's services, particularly in Children's Social Care and Special Education Needs and Disabilities (SEND) services. The survey provided evidence for London Councils' Spending Review campaign and our input into Select Committee inquiries.
- Hosting a successful conference on the role of boroughs in developing STEM (Science, Technology, Engineering and Mathematics) skills within London's communities. The London conference brought together borough Leaders and leading London businesses to explore the scope for building a coalition for innovation in London education and employment and to explore the opportunities for boroughs and businesses to work together to promote STEM to young Londoners.
- Undertaking a survey with London boroughs to investigate the key issues in relation to early years and childcare across the capital. The findings informed a well-publicised report on the value of London's maintained nursery schools and the need for certainty of future funding for them. The government has since announced an additional £24 million for local authorities to enable them to continue funding maintained nursery schools at higher rates for the 2019-20 academic year.
- Publishing our annual Do the Maths places planning report setting out the anticipated future need for places across the capital and underpinning our arguments on the need for sustainable funding for school places. Based on latest figures, London Councils' projections highlight a shortfall of 45,355 places across primary and secondary schools in London until 2022/23, with the majority of these at secondary level.
- Responding to the government's call for evidence on home education to call for mandatory registration and monitoring of all home educated children. The government has since started consulting on introducing legislation to strengthen home education arrangements.
- Raised awareness of the criminal exploitation of young Londoners through County Lines organised crime gangs.
- Undertook lobbying to raise the financial pressure associated with providing support and care to Unaccompanied Asylum Seeking Children (UASC), with a financial cost to boroughs of at least £19 million per annum. London continues to provide support to a significant proportion of all UASC, around 1 in 3 are in the care of a London borough. As a result of London Councils' lobbying the Home Office has agreed to uplift the daily rate paid to cover the cost of caring for this group of vulnerable children.
- Completing a thorough MASH (Multi Agency Safeguarding Hub) Review - the review's final report was welcomed by the London SCB, providing clarity regarding the role of the MASH across the partnership and a clear set of performance data.

Young People's Education and Skills

In addition to our work on school policy, London Councils also hosts and supports the Young People's Education and Skills (YPES) Board, the lead strategic body for 14 to 19 education and training in London. The YPES Board provides pan-London leadership for the current and future education and training needs of young Londoners and employers. The Board also supports member authorities in undertaking their statutory functions in planning, policy and provision. Achievements in 2018/19 included:

- Providing training and development to borough officers responsible for supporting the participation of young people with special educational needs and disabilities, resulting in a reduction in the gap in participation between young people with special educational needs and disabilities and those without.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Working in partnership with the Greater London Authority to ensure that all young people have access to good careers education, information, advice and guidance, through the principles set out in London Ambitions
- Supporting local authorities in London to promote their apprenticeship opportunities
- Providing professional advice to central government and member authorities to help shape the introduction of T levels (new technical equivalents of A levels) that will become available from 2020
- Commissioning research, with support from other stakeholders, into the pathways of young people in London from GCSE through to further study and employment; the progression of young Londoners into Higher Education; learning provision for young people aged 16 to 25 with special educational needs
- Supporting boroughs in their work to widen participation, improve social mobility and improve learning and employment outcomes for young people.

Crime and Public Protection

Local government plays a key role in working with the police and others to keep local streets and neighbourhoods safe and feeling safe. While low in absolute terms, rises in violent crime in particular have reflected national trends in London and undoubtedly impacted on public confidence. Working with the Mayor of London and the Metropolitan Police to get to the root of crime and to provide reassurance to the wider community is a high priority for all London boroughs. In 2018/19 our policy teams work in this area included:

- Supporting borough engagement with the Metropolitan Police Service (MPS) and the Mayor's Office, to make the case for visible and effective local policing, including working through the London Crime Reduction Board.
- Working with boroughs, the MPS and the Mayor's Office for Policing and Crime (MOPAC) to develop an agreed framework for refreshing local Knife Crime and Serious Violence Action Plans. These plans have been refreshed by all London local authorities, strengthening the local response to knife crime.
- Creating an on-line repository of promising and effective local approaches to tackling serious violence.
- Working to shape the emerging model for a London Violence Reduction Unit, emphasising that it should: work towards embedding a long-term strategy, drive resources to the front line, and add value - not duplicate or erode commitment to existing work.
- Playing an active role in convening boroughs in shared endeavour to tackle Violence against Women and Girls (VAWG). This included channelling borough input to a refreshed VAWG strategy for London, making representations in relation to the upcoming Domestic Abuse Bill and preparatory work to explore the case for a pan-London approach to refuge commissioning.
- Working with partners to develop a London approach to female offending which will be set out in a "Blueprint" for London.
- Leading on negotiations with the Ministry of Justice and the Mayor's office to ensure borough interests are reflected in the next iteration of the MoU on criminal justice devolution.
- Facilitating borough input into framing the commissioning of community rehabilitation from 2021.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Working to help strengthen London Local Government's Collective Resilience Arrangements following the Independent Peer Challenge which London Councils commissioned at the end of 2017. The implementation plan includes the development of a new assurance process which will lead to an annual overview for Leaders' Committee and preparing a handbook to support the role of elected members in preparing for and responding to serious incidents.
- Ensuring boroughs had a voice in the rollout of the new model of local policing across London and continued close dialogue with the Deputy Mayor for Policing and Crime and senior MPS officers to get the best achievable outcome for boroughs from.

Welfare

Given the unique nature of London's economy and its workforce, it is vital that national reforms of welfare adequate account of the need to work for London and for Londoners. The work of our policy team in this area in 2018/19 has included:

- Working to influence allocation of Discretionary Housing Payment (DHP) funding in 2019/20 to ensure a fairer share for London authorities. Following three years of reductions in London's share of total DHP funding this lobbying resulted in an increase share for London in 2019/20.
- Responding to the government's consultation on funding for Supported Housing. London Councils strongly opposed the proposals, arguing that Supported Housing should continue to be funded through Housing Benefit. Our position was accepted by the government in their response to the consultation, where they confirmed they would not be taking their original proposal further.
- Consistently lobbying government on Universal Credit, collecting and presenting evidence of its adverse impact on local authorities and claimants alike. This has contributed to the introduction of a number of changes that London Councils has called for, including an increase in the personal allowance and additional support for claimants.
- Lobbying DWP over the Universal Credit managed migration regulations, including submitting evidence to the Social Security Advisory Committee's inquiry. A number of positive changes that were suggested in our response have been adopted, including extending the notification period from one month to three.
- Influencing the Department for Work and Pensions (DWP) in updating their Housing Benefit Administration subsidy allocation methodology so that it is fairer for London.

Equalities and Social Integration

London's reputation as an open, welcoming and diverse city is central to its success. Promoting the value of diversity and ensuring equality of opportunity for all is therefore an important policy objective for London local government and for London Councils. Work in this area in 2018/19 included:

- Providing strategic leadership on issues around asylum dispersal. We brokered London representation in high-level meetings and developed a strong working relationship with the Home Office and other stakeholders in advance of the transition to new asylum accommodation and support contracts. With partners, secured new commitments from government: notably a reduction of pressure on London's most affected boroughs, and a funding review to judge costs of asylum dispersal to local authorities in the capital.
- Providing greater leadership on Unaccompanied Asylum-Seeking Children (UASC) issues, notably the National Transfer Scheme and securing a £60,000 funding for a UASC Strategic Lead in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Publicising the results of our No Recourse to Public Funds (NRPF) survey and lobbied government on the cost shunt of duties to NRPF households upon local authorities. Began to help assist local authorities in sharing good practice through holding an event on domestic violence and NRPF.
- Advocating for the boroughs and London's EU citizens in the context of preparations for exiting the European Union. In particular, lobbied on the needs of vulnerable EU citizens in the process of applying for Settled Status, and the role of local authorities in supporting them. Helped equip boroughs to respond to the challenge through holding events with experts and peers.
- Working to influence the developing social integration agendas of central government and the GLA. Equipped boroughs to make the most of opportunities which have arisen from them through briefings and events.
- Responding to the Civil Society Strategy consultation and informed boroughs of the results.
- Providing a voice for London boroughs on the London Strategic Migration Partnerships and a wide range of other meetings with the Home Office.

Transport and Environment (Policy)

London Councils works with a range of stakeholders across the capital to develop policy on a number of transport and environmental challenges facing the capital. Our work in this area is governed by our Transport and Environment Committee (TEC), a statutory committee comprising councillors from all 33 London local authorities. This work in 2018/19 included:

- Launching the third consecutive year of air quality polling on Clean Air Day, resulting in much positive press coverage and much interest from a wide range of stakeholders. Undertook a more co-ordinated effort to communicate all the activities that took place as part of Clean Air Day in London
- London Councils TEC agreed a number of principles for a new Clean Air Act and attended the Clean Air Summit with other metro mayors and Defra Ministers.
- Continuing the delivery of the Go Ultra Low Cities Scheme (GULCS) to roll out electric vehicle charge points with extensive borough engagement activities, such as:
 - Borough engagement event on the imminent launch of the framework.
 - Borough peer-to-peer learning events.
 - Procurement workshops after the framework went live.
 - Procurement Framework Supplier Showcase event for boroughs.
 - A member information stand at the London Councils Summit.
- Creating and publishing a GULCS Procurement Framework for boroughs to use
- Providing a number of supporting documents and templates, such as the GULCS Financial Evaluation Procurement Templates and Electrical guidance that can be used nation-wide.
- Representing London boroughs at the EV Infrastructure Taskforce.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Establishing a London Councils TEC Rapid Charging sub-group with a supporting group of officers and have consequently delivered in excess of 500 sites suitable for rapid charging infrastructure on borough roads.
- As a result of all these activities London boroughs passed the 1,000 mark for newly installed electric vehicle charging points in 2018/19 and are on track to meet their commitment to install at least 2,500 charging points by 2022.
- Publishing, through LEDNet and Keep Britain Tidy, research on fly-tipping behaviour
- Co-ordinated London's local government contribution to the Resources and Waste Strategy.
- Initiating a more formal relationship between London Councils TEC and the London Waste and Recycling Board (LWARB) through regular meetings between the two chairs.
- Hosting the first strategic meeting between London Councils TEC and the London Environment Directors Network (LEDNet).
- Engaging with TfL and borough finance directors to scrutinise and better understand the TfL business planning process. This has resulted in better understanding of both parties' positions and improved information flow between TfL and boroughs. Several principles were established, such as no further reduction in the formula funded element of Local Implementation Plans (LIPs), enabling boroughs to carry forward funding and establishing fruitful dialog early on when problems arise.
- Continuing to work with the LIP borough working group and published, jointly with TfL, LIP guidance, a LIP template and much improved data packs, enabling boroughs to complete their third LIP much more efficiently than in previous years.
- Establishing the principle of setting up task and finish groups to deal with aspects of future mobility, such as shared mobility, autonomous vehicles, smart mobility and demand responsive transport.
- Establishing, jointly with TfL, the principle of undertaking a London-wide Byelaw to restrict the parking for dockless bicycles and improve the powers available to London's local authorities to enforce against rogue operators.
- Lobbying successfully against the Automated and Electric Vehicles Bill Amendments tabled by the GLA, asking for Permitted Development Rights for electric vehicle infrastructure.
- Writing to the Secretary of State for Transport demanding a swift solution and compensation to the areas in London most affected by the rail strikes and disruptions.
- Working with TfL to ensure boroughs are sufficiently and timely informed of revisions to the bus network affecting their areas and their views taken into consideration when finalising any changes. Responded to the central London bus network reconfiguration consultation.
- Continuing to press TfL to engage earlier and more meaningful in any action plan coming out of the Mayor's Transport Strategy.
- Working jointly with GLA, South East England Councils (SEEC) and East of England LGA (EELGA) organised the third Wider South East Summit.
- Holding meetings with Housing and Transport Ministers to talk about the barriers to housing delivery and barriers to 13 jointly agreed strategic transport priorities for the wider South East.

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

In addition to our work across a range of policy areas, London Councils provides a number of direct services to Londoners and London organisations on behalf of member authorities where Leaders have identified a clear benefit in these being administered by London Councils. Our work in these areas in 2018/19 included:

Freedom Pass:

- Negotiated and agreed the Freedom Pass settlement for the 2018/19 with Transport for London (TfL), successfully achieving an annual reduction in the settlement for the second consecutive year (in-year savings of £4.57 million).
- Successfully negotiated a reduction in the Freedom Pass settlement with the Rail Delivery Group (RDG) to reflect current travel trends and secured and returned to boroughs £150,000 of compensation for severe disruption to rail services during the previous year.
- Calculated and agreed the apportionment of 2019/20 Freedom Pass costs to boroughs.
- Developed and agreed the business case for annual eligibility reviews to reduce fraudulent use and costs.
- Undertook the renewal of approximately 47,000 Freedom Passes, which expired in March 2018 and a mid-term review of eligibility of pass holders with cards expiring in March 2021.

Taxicard:

- Jointly procured with TfL's Dial-a-Ride service a new taxi service provider contract, delivering some greater future funding certainty through a three-year framework contract.
- Started the new contract with the taxi service supplier, introducing service improvements for card holders, including fixed maximum pricing for all journeys and new driver/customer service training standards.
- Achieved significant potential savings through new contract and subsequently agreed new funding arrangement with TfL.
- Conducted a review of the Taxicard eligibility criteria with boroughs to achieve greater consistency and clarity for users.

London Lorry Control Scheme:

- Continued to manage the London Lorry Control Scheme, issuing permissions and enforcing to ensure compliance.
- Continued to implement the scheme review recommendations, including:
 - Producing a detailed action plan, which will be updated and developed during 2019/20.
 - Providing a new haulier online portal to allow hauliers to interact with us and the scheme in a more effective and efficient way.
 - Extending the permit lifespan from 3 to 5 years to reduce administrative burdens on the industry.

- Developing a comprehensive Communications Strategy and Plan.
- Improving scheme monitoring arrangements.
- Planning and starting an ANPR enforcement pilot.
- Developed and published a fully interactive zoomable map on the scheme website.
- Reviewing the scheme traffic order to bring Barnet back into the scheme.
- Working closely with TfL on the development of the Direct Vision Standard Scheme to improve lorry safety and the proposal to introduce this new initiative with an amendment to the London Lorry Control Scheme order.

London Tribunals:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators.
- Continued to deliver year-on-year savings to boroughs reducing the costs of running ETA.
- Delivered significant measurable service improvements, including 90 per cent in-house efficiency improvements to the ETA statutory declaration and witness statement processes, which also delivered direct benefits to borough enforcement teams.
- Began preparation for changes necessary to hear appeals against the new ULEZ scheme.
- Completed groundwork for the electronic transfer and communication of all appeals with enforcement authorities.

Health Emergency Badge (HEB):

- Continued to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Commenced a review of practices and processes to ensure the service is delivered as effectively and efficiently as possible

TRACE:

- Continued to manage and operate the TRACE service, seeing a continuing increase in take up of the online portal service.

London European Partnership for Transport (LEPT):

- Continued to monitor European funding and knowledge exchange opportunities, and briefing Boroughs accordingly.
- Completed a review of the future of LEPT in light of the UK's plans to exit the European Union, involving borough consultation and, after a positive response and TEC approval, secured TfL funding for a further one to two years.
- Provided promotional services for boroughs and raised awareness of London best practice and current EU transport projects.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Traffic and Parking:**

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted borough forums, including the Parking Managers Seminar.
- Represented borough interests at relevant events, groups and forums, including:
 - London Freight Forum and Freight Forum Steering Group
 - London Technical Advisors Group (LoTAG)
 - NESTA's Flying High Challenge, investigating use cases for Drones in London
 - TfL's Lane Rental Governance Committee
 - Local Authority Partnership
 - British Parking Association (BPA) Council and Local Authority Special Interest Group
 - London Tourist Coach Action Plan Group
 - London Automotive Forum
 - TfL's Direct Vision Standard Project Board
 - London RoadLab Project
 - Reviewed and updated the parking contravention codes list.
- Worked with the British Parking Association (BPA), on the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner.
- Published research on the Benefits of Parking management in London.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.
- Started work to review the enforcement of speed limits in London, exploring the possibility of greater powers and responsibilities for boroughs and TfL to improve compliance and road safety.

Grants and Community Services

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

In April 2017 London Councils commissioned a £30 million, four-year (2017-21) Grants Programme. Thirteen organisations, working with other partners, deliver services to combat homelessness and tackle sexual and domestic violence. Funded organisations work with vulnerable and disadvantaged Londoners including homeless young people, residents with complex and enduring needs, and women fleeing sexual exploitation and harmful practices.

Outcomes from the current Grants Programme organisations include:

Combatting homelessness

- 1,862 people were helped to obtain crisis or intermediate short-term accommodation.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- 1,677 people were helped to obtain settled accommodation.
- 1,382 people reported improved mental health following support.

Tackling sexual and domestic violence

- 4,417 victims of domestic violence were secured a safe place in a refuge.
- 2,502 people supported through Healthy Relationships projects can identify the warning signs of sexual or domestic violence.
- 35,566 participants reported reduced levels of risk, repeat victimisation or prevention of escalation.

London Care Services

London Care Services helps boroughs to source good quality accommodation for vulnerable children. Providers of foster care, residential care, residential special schools and residential family centres offer information about their services and costs via a confidential website. The services are made available to subscribing boroughs through a single model contract offering a streamlined and cost-effective route to providers. In 2018/19, London Care Services:

- Secured 226 residential and 106 fostering services for subscribing authorities.
- Delivered network and training opportunities for local authority staff.
- Undertook research on commissioning arrangements for looked after children in the capital for the Association of London's Directors of Children's Services.

A focal point for London Government

There are a range of issues where the Mayor, the GLA and other pan-London organisations seek to establish collective negotiation and dialogue with London's boroughs. On these issues, London Councils acts as the focal point for representing borough interests – informed by the political and professional networks that we help convene. We then enable that information to be shared and disseminated quickly with member boroughs.

To ensure that our member authorities have influence in the decisions made at pan-London level that impact on them and the communities they serve, London Councils is engaged in a series of collaborative mechanisms for shaping the way issues are taken forward across the capital. Working with the Mayor and other London partners, London Councils nominates – on a cross party basis – members to serve on boards such as:

- London Crime Reduction Board
- London Enterprise Action Partnership
- London Health Board
- Homes for London Board
- London Waste and Recycling Board

Some of these have statutory underpinning. The overall progress of these is monitored jointly by the Mayor and borough Leaders. The Mayor and borough Leaders meet twice a year in the Congress of Mayor and Leaders; and the London Councils Executive – augmented by sub-regional partnership representatives – meet with the Mayor in the Congress Executive.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

London Councils was also instrumental in establishing the All Party Parliamentary Group (APPG) for London MPs, originally in May 2015, set up to promote London in the interests of all of its people, places and businesses as a global city and powerhouse of the economy. Since then the APPG for London has met regularly to explore a London approach to key areas of the devolution agenda, housing, transport, welfare and infrastructure, including transport and connectivity. London Councils provides the secretariat to the group on behalf of London government, including the Mayor of London.

Adding Value for London Boroughs

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

- London Safeguarding Children Board (LSCB), representing London's councils in a broader partnership with police, health and other partners to promote child safeguarding across London.
- London Young People's Education and Skills (YPES) Board – the lead strategic body for 14-19 education and training in the capital.
- London Councils is the Regional Employers' body for London local authorities. Boroughs are members of the Greater London Employment Forum and are represented on the Greater London Provincial Council for the purposes of negotiations with trades unions.
- Capital Ambition, London's improvement and efficiency partnership and sponsor of the innovative London Ventures programme.
- London European Partnership for Transport (LEPT), which provides the London boroughs with support and access to European funding for transport projects.
- London Councils was also instrumental in the creation of a new collective investment vehicle for Local Government Pension Scheme (LGPS) funds, the London CIV. The London CIV.
- London Councils also provides a key interface between boroughs, the London Resilience Group, the Greater London Authority (GLA) and a range of services on issues around city management and resilience.

In addition, during 2018/19, London Councils worked as the regional body for the co-ordination between London local government and the Ministry of Housing, Communities and Local Government and government more broadly in preparations for exiting the European Union.

Events and Awards

The London Summit – Our annual flagship event is free to all London members and senior borough officers. Our 2018 Summit - held on Saturday 17 November at the City of London's Guildhall - saw councillors of all political parties from the 32 London boroughs and the City of London, as well as representatives from the business, public and voluntary sectors - gather to engage in debate and share experiences from across the capital. The morning keynote was delivered by Rt Hon. James Brokenshire MP, Secretary of State for Housing, Communities and Local Government followed by a presentation from Ben Page of Ipsos MORI. A panel discussion on the big challenges facing London with the Rt Hon Justine Greening MP, Wes Streeting MP and Lord Graham Tope CBE was chaired by Pippa Crerar, deputy political editor, The Guardian. Afternoon breakout session for members focused on: the future of adult social care, serious youth crime and social regeneration.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Awards – London Councils supports and organises the following awards on behalf of boroughs that highlight and share their successes:

The London Borough Apprenticeship Awards: Established in 2011 to showcase the value of apprenticeships to London boroughs, how borough staff have contributed to apprentices' success and how boroughs are helping to maximise apprenticeship opportunities with contractors and suppliers. The winners of the 2018 awards were announced on 18 September at Saddlers Hall in the City of London. Hackney's Thaddaeus Brown was named the 2018 Apprentice of the Year. The award for Best Contribution by a New Apprentice went Hannah Cambridge from Bexley. Bijal Bhudia who works in the Housing Reviews and Appeals Team in Brent was recognised for Progression by an Apprentice, while Sarah Chipperfield was named Best Apprentice Working in the Supply Chain. Tower Hamlets' Paul Sammut was named Best Manager or Mentor, while LB Camden was recognised for its work with Supply Chain and Local Businesses to Create New Apprenticeships.

The Small Business Friendly Awards - organised by London Councils and the London Region of The Federation of Small Businesses (FSB) the awards, now in their fifth year, are an opportunity to celebrate projects or initiatives delivered by the London boroughs that have a positive impact on London's small business community. Croydon was named the Best All-Round Small Business Borough this year, with Haringey recognised for its success in Procurement to Support Local Trade and Hackney for having the Best Programme of Support for Small Business; while Lewisham won the inaugural award for Best Programme to Reduce Impact of Crime on Small Businesses.

Keeping Our Members Informed

Website – London Councils' website was visited by more than 1.1 million unique visitors and had 4.8 million page views in 2018/19.

Key Issues – subscribers for our weekly e-newsletter, Key Issues, continue to grow rapidly with more than 5,000 additional people signing up to receive Key Issues in 2018/19, taking its total subscription to more than 26,000. Published at 8am every Wednesday morning, Key Issues provides a quick summary of the issues affecting London local government and the evolving policy landscape in the capital.

Member Briefings – our member briefing service provides members with timely policy analysis and information across all our main policy themes directly to their inbox. Improvements to our website enable members to edit and amend their preferences more easily than ever before. In 2018/19 we sent 81 policy briefings to subscribing members.

Parliamentary Briefings – we regularly brief MPs and Peers on government bills that affect London boroughs. In 2018/19 these included briefings in support of our lobbying work on a wide range of topics including: Spending Review, social care, air quality, fire safety, electric vehicles and maintained nurseries.

Twitter – London Councils' Twitter account @londoncouncils has more than 20,000 followers who receive up-to-date news on all the latest developments in London local government as they happen.

London Government Directory – a free copy of our annual London Government Directory, sponsored by London Communication Agency, is sent to every member and senior officers in all 33 London local authorities. The 2020 edition will be sent to members in October 2019. The Directory is also available to view online at www.directory.londoncouncils.gov.uk

Policy reports – London Councils publishes a comprehensive range of policy reports providing data, analysis and recommendations on key policy challenges in the capital. Policy reports published in 2018/19 included: Better Ways to Work: Tackling Labour Market Disadvantages in London; Do the Maths 2018 (School Places Funding); Gambling and Public Health; The Hidden Value of Nursery Schools; Suicide Prevention and Adult Social Care in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Podcasts – This year London Councils launched a new series of podcasts for members exploring a range of policy topics with expert guests. The first three podcasts published in 2018/19 covered the public health topics of Gambling, London HIV Prevention Programme and Illegal Tobacco.

Executive Members 2018/19

Our Leaders' Committee, which consists of the Leaders and directly elected Mayors of London's 33 local authorities, meets regularly throughout the year to discuss and agree policy issues of importance to Londoners. A list of all Leaders' Committee dates, along with agenda and minutes of past meetings is available at www.londoncouncils.gov.uk/committees.

At its summer AGM, the Leaders' Committee elects a Chair, Deputy Chair and Vice Chairs for the organisation. A cross-party Executive acts as a forum for more detailed policy development and reports to the Leaders' Committee.

In 2018/19 the Executive was made up of 12 councillors from across the political parties. Our leading members and their portfolios in 2018/19 were:

Cllr Peter John OBE (Lab), Chair of London Councils and executive member for Public Service Reform and Devolution and Finance and Resources

Cllr Georgia Gould (Lab), Deputy Chair of London Councils* and Executive Member for Skills and Employment

Cllr Teresa O'Neill OBE (Con), Vice Chair

Cllr Ruth Dombey (LD), Vice Chair

Catherine McGuinness (Ind), Vice Chair

Cllr Ray Puddifoot MBE (Con), Executive member for Health and Care (including Adult Care Services)

Cllr Julian Bell (Lab), Chair of London Councils' Transport and Environment Committee

Cllr. Darren Rodwell (Lab), Executive member for Housing & Planning

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

Cllr. Clare Coghill (Lab), Executive member for Business, Europe and Good Growth

Cllr Jas Athwal (Lab), Executive for Crime and Public Protection**

Cllr. Nickie Aiken (Con), Executive member for Schools & Children's Services (including Education, Children's Social Care and Safeguarding)

[Former Cllr Lib Peck (Lab), was *Deputy Chair and **Executive Member for Crime and Public Protection April 2018 – January 2019]

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**London Councils' Pledges to Londoners**

Over the next three years to 2022, London's local leaders have jointly agreed to work together to deliver 46 specific pledges across seven key policy areas. These are listed below:

Housing

London is still growing fast and we need more homes. Yet it is not enough to build either penthouses, or little boxes. Londoners need homes and communities. We must not only build more, we must build for the different needs of different Londoners, whether family homes, council homes or market rents. All homes must meet good standards. All communities need social infrastructure including GP surgeries and schools to be in place as homes are built. London boroughs are already delivering large scale housing projects across the capital. We therefore commit to:

- Seek new powers to further raise our delivery potential and so better meet the needs of London's population through developing an agreement with government on extending the powers and financial flexibilities of London boroughs.
- Create a suite of shared home building services that can be used by all London boroughs. This will include for example:
 - Expanding the London boroughs' collaborative precision manufacturing company PLACE to deliver homes across the capital by 2022.
 - Co-designing with the building industry a standard platform for planning major developments.
 - Ensuring that construction apprentices funded through section 106 deals have access to work and training across all London boroughs.
- Agreeing a common standard across all boroughs to ensure safety and decency for all homes; especially taking action on rogue landlords.
 - We will lobby government to provide new powers so that the financial burden of enforcing standards is paid by rogue landlords themselves and that landlord licensing decisions can be enforced at the borough level.
 - Engage with government to ensure a full response to the Hackitt Review that delivers clear guidance, enforces swift remediation of buildings of all tenures with dangerous cladding and other fire safety issues; and is effectively funded.
- Supporting each other to reduce homelessness through collaboration across London including:
 - Committing to use the boroughs' joint company Capital Letters as a procurement vehicle for temporary accommodation.
 - Providing a homelessness prevention service in every London borough based on boroughs sharing their best in class services and gaining adequate funding from central government.
 - Developing a borough led pan-London strategy to end rough sleeping.
- Engage government to create more effective and fully funded solutions for homelessness and temporary accommodation in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Better Health & Care**

Most health and care services are provided locally and a healthy life depends on an environment that is shaped locally. The London boroughs are an essential partner to jointly develop faster improvements in our health and care services, while also making London a healthier city. The democratic accountability of London local government is the best foundation on which to engage citizens and build public support for the changing face of 21st century health care. We will:

- Seek agreement on funding and devolved powers in order to offer a new deal to transform London's ageing GP and primary care premises as part of a wider improvement in the quality of primary care service offered to all Londoners.
- Develop proposals for a step change in integrated health and care through an offer of borough level commissioning across London, as part of a refreshed devolution agreement.
- Take forward the world class borough collaboration on HIV prevention to collaborate on provision of local sexual health services throughout London.
- Argue for further devolution of public health funding, autonomy and powers to London boroughs.
- Lobby for adequate funding of social care and public health services.

Supporting Business & Inclusive Growth

London is the business capital of Europe and the most outward looking global city on the planet. All London boroughs are committed to nurturing that success and ensuring that all Londoners can share in it. We aspire to be the first choice of every London business when it wants a conversation with London government. London boroughs will work together towards the achievement of these goals by:

- Co-designing a Charter for Business with London businesses, improving London as a place to do business, promoting inclusive growth and positive dialogue.
- Lobbying to ensure that post-Brexit development funding provides at least as much support to London as the current EU ESIF programme.
- Working alongside the Mayor to transform adult skills training through the devolved powers starting in 2019; supporting in work progression and ensuring that we meet the job aspirations of learners and the skills needs of business in each part of London.
- Working towards a better start for young people through improved careers advice, work experience for every young Londoner and building the case to extend skills devolution to include 14-19 provision.
- Working in partnership with London businesses to help government reform the apprenticeship levy; including using London levy underspends to support training within London.
- Creating a comprehensive local welfare support offer for those transferring to Universal Credit or at risk of homelessness, supported by work with government to develop more effective funding models based on invest to save principles.
- Supporting 55,000 disadvantaged Londoners towards a job through the devolved employment programme agreed with the DWP.
- Lobbying government for co-location and joint working of council and Job Centre Plus services.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Crime and Public Protection**

A safe city is the first duty of London government. London boroughs will do their part to help ensure that every Londoner can feel safe. Acting together, city government can reverse the upward trend in serious violence. We will:

- Protect young people from knife crime through collaboration to deliver violence reduction action plans in each borough based on the contributions of all relevant local agencies.
- Create a platform for sharing by all boroughs, including data sharing, a review of inter-borough protocols and best practise transfer.
- Call for increases in front line police officers to protect Neighbourhood and Community Policing.
- Hold MOPAC and the MPS to account for gaps in policing service that follow from the changes to the configuration of Borough Command Units.
- Better safeguard women and girls through delivery of our VAWG strategy including the establishment of a pan-London approach to commissioning refuges for women suffering domestic abuse.
- Investigate extending the refuge model to young people threatened by gangs; as part of building a wider strategy to protect young people from gangs and county lines criminal enterprises.
- Reach agreement with government on devolving offender rehabilitation to London.
- Work alongside the Mayor to rebalance policing and crime reduction funding to better fit local needs.
- Commit to providing and accepting mutual support following major emergencies and to embody a culture of London wide resilience co-ordination and support within our own authorities reinforced by appropriate support, training and guidance.

Transport & Environment

As London grows, pan-London transport infrastructure improvements are essential to ensure growth without environmental damage or harm to health. Yet it is local interventions, service design and urban planning that creates a liveable city that, for instance, makes walking and cycling accessible to all. London Councils will:

- Support the promotion of a new Clean Air Act and the introduction of ULEZ across much of London to protect Londoners from harmful polluted air.
- Deliver at least 2500 charging points for electric vehicles by 2022, including the option for 20 rapid charge points in each borough.
- Work towards including a target of one tree for every Londoner in our local plans.
- Hold TfL to account for improving the bus route network in every London borough.
- Lobby for improved certainty and levels of local road funding through TfL's LIP process.
- Press for London borough representation on the TfL Board.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Create, cost and lobby for a programme of local transport infrastructure delivery; addressing enhanced connectivity, platform extensions and related responses to growing demand.
- Lobby for the delivery of major transport investment including CR2, HS2, Euston redevelopment, Bakerloo Line extension, West London Orbital and Tram network.
- Work to agree new forms of London borough influence on the specification, management and award of rail franchises so that the borough voice is at the heart of commissioning; and argue for further devolution to London.
- Lobby for fiscal devolution of transport taxes including a proportion of VED to help fund highway maintenance, and new fiscal levers to unlock home building.

Funding London

London boroughs will work together to ensure that each London borough is better resourced across the full range of public services; to ensure that London receives its fair share of funding; to win more freedom for Londoners to decide how they raise funds for services and to guarantee continuous efficiency improvements in how Londoners' money is spent. We will:

- Lobby to deliver an end to austerity in local government and try and ensure that no London borough loses from the Spending Review 2019.
- Highlight the vital role of cities in funding UK public services by driving economic growth, where London contributes £32.5 billion in taxes after funding its own public services.
- Press for government recognition of the unique cost demands on Britain's cities which in London include 34 per cent of all unaccompanied asylum seeking children, two thirds of all people in temporary accommodation and £54 million on those with no recourse to public funds.
- Press for London's fair share of the Fair Funding Review and recognition that dramatic increases in the costs of supporting SEND are creating unsustainable deficits across local authorities.
- Lobby for the extension of business rates retention and its conversion into a genuinely devolved tax.
- Argue for greater fiscal devolution to London, in line with the London Finance Commission, so that the city can fund the foundations for future growth.

New Ways of Working

All London boroughs are committed to improving our own working practices wherever that can benefit Londoners. We will:

- Explore new opportunities to use commissioning and procurement to create social value, strengthen community institutions and embed resilience in our communities.
- Challenge and support each other to drive improvement and value in our activities.
- Engage with innovations designed to improve outcomes and experiences for Londoners via partners on digital delivery and wider technology and data collaborations.
- Explore how London's governance now compares to other parts of urban England and whether any lessons can be learned in terms of delivering better results for Londoners.

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 29);
- Consolidated Expenditure Funding Analysis (page 39)
- Consolidated Comprehensive Income and Expenditure Statement (page 40);
- Consolidated Movement in Reserves Statement (pages 41);
- Consolidated Balance Sheet (page 42);
- Consolidated Cash Flow Statement (page 43); and
- Notes to the Consolidated Accounts (pages 44 – 75).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	62,962	62,510	(452)
Income	(60,461)	(61,558)	(1,097)
Interest income and expenditure	(75)	726	801
Deficit for the year	2,426	1,678	(748)
Transfer from Reserves	(2,426)	(4,197)	(1,771)
Net Surplus for the year (including transfers from reserves)	-	(2,519)	(2,519)

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The surplus of £2.519 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	8,288	44,460	9,762	62,510
Total Income	(7,811)	(45,370)	(8,377)	(61,558)
Interest income and expenditure	14	356	356	726
(Surplus)/Deficit for the year	491	(554)	1,741	1,678
Transfer from Reserves	(689)	(881)	(2,627)	(4,197)
Net Surplus	(198)	(1,435)	(886)	(2,519)

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 50 and Appendices A and B on pages 76 and 77).

Grants Committee

The surplus of £198,000 is due to an underspend of £80,000 in respect of the payments to providers of S.48 commissioned services. The underspend relates to a reduction in payments made to St Mungo Community Housing Association and Shelter. There is an underspend of £118,000 in relation to the administration of the S.48 commissions, attributable to:

- an underspend of £37,000 in respect of employee costs due to vacancies within the team and an underspend on the maternity provision;
- an underspend of £16,000 for general running costs including central recharges;
- an underspend of £49,000 in respect of resources earmarked to support the delivery of the ESF match funded programme which was not required due to a lower level of activity than originally anticipated; and
- an additional sum of £16,000 from investment income has been received on Committee reserves, not previously budgeted for.

The S.48 ESF matched funded commissions, performance has increased and improved over the last twelve months, as the programme approaches its conclusion. Payments to providers of £1.599 million have been recognised in the 2018/19 outturn figures. Due to the payment structure for ESF projects, higher levels of spend are recognised in the accounts towards the latter stages of projects, when outcomes (job entries and sustained jobs) can be verified. From 2018/19 onwards, no further borough contributions were levied; however, £303,000 of the £512,000 of deferred income in respect of advance payments to commissioned services being held from previous borough contributions were recognised as income in the in the accounts, along with a transfer of £590,000 of borough contributions held in reserves. Administrative costs, estimated to be in the region of £134,000, have been incurred in respect of the new programme, for which ESF grant funding of £40,000 is expected to accrue in respect of eligible expenditure.

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

The surplus of £1.435 million is attributable to:

- **Freedom Pass non-TfL bus services (-£501,000)**

In December 2017, TEC approved a budgetary provision of £1.5 million for 2018/19 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of £1.3 million based on mid-year 2017/18 data plus a £200,000 contingency to cover potential new bus operators joining the scheme. Claims from operators amounting to £999,000 have been received and accepted for 2018/19, which has led to an underspend of £501,000, or 33%. This is broadly attributable to the following:

- a 13% fall in journey volumes largely as a result of the eligible age increase which has reduced the number of younger pass holders traveling longer distances;
- a 4% reduction in the projected average trip fare from £3.61 to an actual unit fare of £3.47; and
- £200,000 or 13% underspend in relation to the contingency budget for potential additional operators not being fully utilised.

- **Net Freedom Pass survey and issue costs (-£302,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. For 2018/19, it also covered the cost of the mid-term review of pass eligibility. Total expenditure for 2018/19 was £1.529 million, of which £191,000 was spent on the mid-term review, leading to an overspend of £11,000. This slight overspend was in part due to a number of changes to the way the review was communicated compared to the previous mid-term reviews such as a higher calls to letters sent ratio, which should lead to savings in future periods. In addition, a sum of £1.029 million was collected during 2018/19 in respect of replacement Freedom Passes, £345,000 in excess of the £684,000 budgetary provision, which reduces by £32,000 to £313,000 once bank charges are taken into account. In net terms, therefore, there was a surplus of £302,000, which, in accordance with approved TEC practice, will be transferred from the provisional surplus to the specific reserve created to fund the full 2020 freedom pass renewal process.

- **Traded Services (-£167,000)**

The net surplus position of £176,000 is made up of a number of elements, which are regularly reviewed by TEC during the year. These are listed below:

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

- A provisional overspend of £1.372 million for increased payments to Northampton County Court, which is a borough demand led service for the registration of persistent non-payers of parking PCN's in the County Court at £7 per time. The costs are fully recovered from boroughs, leading to a compensating increased level of income collected for the year.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Expenditure on congestion charging appeals is estimated to be £402,000, £49,000 more than the budgetary provision of £353,000. The number of appeals represented by corresponding financial transactions posted in the accounts during the year was 9,644, which is 1,844 more than the budgeted figure of 7,800. The throughput of appeals was calculated at 1.93 appeals per hour, compared to 2.37 per hour for 2017/18. However, as the cost of these appeals is recharged to the GLA/TfL at full cost, there was a corresponding increase in income due for the year of £49,000, which therefore has a zero effect on the Committee's provisional financial position for the year.

Secondly, there is a net surplus of £99,000 in respect of environmental and traffic appeals. The number of appeals and statutory declarations represented by corresponding financial transactions posted in the accounts during the year was 42,721 against a budget of 41,278, generating income of £1.189 million, £24,000 more than the budget estimate of £1.165 million. In addition, there is an underspend of £66,000 in adjudicators costs and contractor costs of £10,000. The throughput of appeals was 3.54 appeals per hour, compared 3.66 appeals per hour for 2017/18.

Thirdly, the transaction volumes for other parking systems used by boroughs and TfL continue to fluctuate overall, resulting in a projected net surplus of £68,000. On the expenditure side, this takes into account the unit pricing structure charged by Northgate and expenditure was £11,000 more than the £189,000 budget. On the income side, unit cost recharges to boroughs for 2018/19 were set by the full Committee in December 2017 and amounted to £578,000, £79,000 more than the £499,000 income target.

- **Lorry Control Administration/PCN income (-£658,000)**

The administration of the London Lorry Control Scheme underspent the budget of £793,000 by £120,000. This is attributable to an underspend on general office costs of £29,000, an overspend of central recharges and staffing related costs of £25,000 and an underspend of £116,000 in respect of the review of LLC Scheme, £86,000 of which was a carried forward budget from 2017/18. The TEC Executive Sub-Committee approved the carry forward of the underspend on the review of the LLC Scheme of £116,000 into 2019/20. Approximately £20,000 was spent in 2018/19 on the ANPR camera enforcement pilot with further developments planned for this year.

There was, however, a significant overachievement in the collection of PCN income of £721,000 above the budgetary provision of £800,000. This was due to continued effective performance of the outsourced enforcement function leading to increased transaction volumes and higher levels of debt being raised and collected. Of the £1.521 million income due for the year, £333,000 has yet to be collected and has been registered with the County Court. An impairment loss in respect of bad debts has been increased by £183,000 in respect of this outstanding amount, in accordance with usual accounting practice. This increase on the impairment loss reduces the net surplus income to £538,000 for the year.

- Residual variances of -£109,000.

Joint Committee

The surplus of £886,000 is attributable to:

- **Employee Costs (-£210,000)**

Employee costs underspent by £210,000, split between the following areas:

- £150,000 on officer salary costs, primarily due to staff turnover and holding off recruiting to certain vacant posts during the period;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- £50,000 in respect of the maternity cover provision not used during the year; and
- £10,000 in respect of unspent provision for member allowances.

- **Improvement and Efficiency work (-£218,000)**

This relates to the funding of former Capital Ambition performance and procurement legacy projects that the Leaders' Committee agreed to continue in December 2011. These are managed via a variety of borough networks, the budget for which in 2018/19 was initially £265,000 but reduced in the year by £25,000 to cover a staffing restructure. Work has continued on the Information Security for London (ISfL) network project during 2018/19 resulting in a cost of £22,000. This budget will be used to fund London Councils contribution to LOTI from 2019/20

- **Challenge Implementation Fund (-£317,000)**

Expenditure charged to the Challenge Implementation Fund (CIF) revenue budget during 2018/19 amounted to £208,000 compared to an available budget £525,000. In addition to the revenue expenditure, capital expenditure on CIF related projects amounted to £266,000 during the financial year. These capitalised costs will be depreciated over the life of the respective assets.

- **Other Income (-£344,000)**

This over achievement of other income is made up of a number of elements:

- the London Summit (-£20,000);
- the Homelessness Award (-£22,000);
- room hire facilities at the Southwark Street premises (-£79,000);
- contributions recognised from externally funded projects to support of London Councils partnerships working (-£200,000);
- Greater London Employers' Forum/Regional Employers related courses and associated work (-£16,000); and
- other miscellaneous income (+£8,000).

- **Externally Funded Projects (+£284,000)**

A provision of £285,000 in respect of the prospect of not fully recovering all the management and administration costs in relation to the current ESF borough funded commissions.

- Residual variances of (-£81,000).

Budget for 2019/20

On 4 December 2018, the Leaders' Committee approved a total expenditure budget for 2019/20 of £61.852 million, exclusive of the borough payments of £320.913 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £1.724 million were also estimated to be £61.852million, leaving a projected balanced budget for the year.

The Committee has arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

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 2019 and of its income and expenditure for the year then ended.



F Smith CPFA
Director of Corporate Resources

18 September 2019

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2019, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'Roger Ramsey'.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2019

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2019 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 which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **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 produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and 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 5 June 2018. 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. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **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.
- **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 5 June 2018. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 5 June 2018. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2018. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

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 which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **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 5 June 2018. 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.

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The 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 2018/19.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2019/20

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2019/20:

Grants

An internal audit review on grant monitoring and payments was completed in 2018/19. The review examined the monitoring arrangements that ensure beneficiary organisations successfully deliver their grant funded project and that payments are valid and made on a timely basis. The review revealed that there was an adequate control framework in place but identified a number of areas to improve such as financial due diligence, arrangements for reviewing and authorising payments and the recording of follow up actions required by ESF grant recipients. The recommended improvements will be implemented during 2019/20.

Information Management and Security

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. Some of the recommended improvements were implemented during 2018/19 with the rest completed during 2019/20.

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

An internal audit review on the Pan London Mobility Schemes was completed in 2018/19. The review assessed the effectiveness of controls in operation over the management of the Freedom Pass and Taxicard schemes. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the reporting of key performance indicators, the frequency of performance monitoring meetings, checks on contractors' compliance assessments and the publishing of eligibility criteria. A number of the recommendations were implemented during 2018/19 with the rest due to be implemented in 2019/20.

Parking and Traffic Services

An internal audit review on the parking and traffic services was completed in 2018/19. The services include London Tribunals, TRACE (towed vehicle tracing service) and the London Lorry Control scheme. The review examined the adequacy of arrangements for contract management, payments to tribunal adjudicators and the issue of Penalty Charge Notices. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the improved use of service contract points, performance reporting, process reviews, scheme permissions and checks on the adjudicators' pay claims. The recommendations will be implemented in 2019/20.

Remote Access and Mobile Devices

An internal audit review on the use of remote access and mobile devices was completed in 2018/19. The review assessed the adequacy of the internal controls for managing mobile devices and access to London Councils network through remote working. The review concluded that there was an adequate control framework in place but identified some areas to improve such as policies, procedures, guidance and security controls. A number of the recommendations have been implemented as part of London Councils' ICT transformation programme which commenced in 2018/19. The remaining recommendations will be implemented in 2019/20.

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

Significant governance issues

There are no significant governance issues.



John O'Brien
Chief Executive

18 September 2019



Cllr Peter John OBE
Chair of London Councils

18 September 2019

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

We have audited the financial statements of London Councils Joint Committee ('the Committee') for the year ended 31 March 2019 which comprise the Consolidated Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, the Consolidated Balance Sheet, the Consolidated Movement in Reserves Statement, the Consolidated Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2019 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Director of Corporate Resources is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Director of Corporate Resources' responsibilities

As explained more fully in the statement set out on page 29, the Director of Corporate Resources is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

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

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Committee, as a body. Our audit work has been undertaken so that we might state to the members of the Committee, as a body, 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 members of the Committee, as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Hewitson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2019

CONSOLIDATED EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
	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 (Restated)	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000 (Restated)
Cost of Services						
London Councils Grants Committee	407	70	477	(412)	65	(347)
London Councils Transport and Environment Committee	(1,457)	547	(910)	(1,023)	377	(646)
London Councils Joint Committee	225	1,160	1,385	163	803	966
Net Cost of Services	(825)	1,777	952	(1,272)	1,245	(27)
Financing and investment income and expenditure	20	706	726	(139)	831	692
(Surplus)/ Deficit	(805)	2,483	1,678	(1,411)	2,076	665
Opening Usable Reserve Balance	(13,921)			(12,510)		
Surplus	(805)			(1,411)		
Closing Usable Reserve Balance	(14,726)			(13,921)		

CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

	Notes	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000 (Restated)	2017/18 Gross Income £000 (Restated)	2017/18 Net £000 (Restated)
Cost of Services							
London Councils Grants Committee	Appx A	8,288	(7,811)	477	7,636	(7,983)	(347)
London Councils Transport and Environment Committee	Appx B	44,460	(45,370)	(910)	45,030	(45,676)	(646)
London Councils Joint Committee	Appx C	9,762	(8,377)	1,385	9,336	(8,370)	966
Net Cost of Services		62,510	(61,558)	952	62,002	(62,029)	(27)
Financing and investment income and expenditure	8	896	(170)	726	837	(145)	692
Deficit on Provision of Services		63,406	(61,728)	1,678	62,839	(62,174)	665
Actuarial gain on pension assets/liabilities	10			(3,863)			(4,020)
Other Comprehensive Income and Expenditure				(3,863)			(4,020)
Total Comprehensive Income and Expenditure				(2,185)			(3,355)

CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19			2017/18		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	13,921	(28,154)	(14,233)	12,510	(30,098)	(17,588)
Total Comprehensive Income and Expenditure	(1,678)	3,863	2,185	(665)	4,020	3,355
Adjustments between accounting basis and funding basis under regulations (note 7)	2,483	(2,483)	-	2,076	(2,076)	-
Increase	805	1,380	2,185	1,411	1,944	3,355
Balance at 31 March	14,726	(26,774)	(12,048)	13,921	(28,154)	(14,233)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

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 2019	31 March 2018
		£000	£000
Property, Plant and Equipment	11	1,316	1,247
Intangible Assets	12	8	8
Long Term Assets		1,324	1,255
Short Term Debtors	13	9,187	7,515
Cash and Cash Equivalent	14	15,239	15,781
Current Assets		24,426	23,296
Short Term Creditors	15	(9,431)	(9,549)
Provisions	16	(225)	(208)
Current Liabilities		(9,656)	(9,757)
Long Term Creditors	17	(896)	(446)
Provisions	16	(613)	(562)
Other Long Term Liabilities	10	(26,633)	(28,019)
Long Term Liabilities		(28,142)	(29,027)
Net Liabilities		(12,048)	(14,233)
Usable Reserves	19	14,726	13,921
Unusable Reserves	21	(26,774)	(28,154)
Total Reserves		(12,048)	(14,233)

The notes on pages 44 to 75 form part of the accounts.



F Smith CPFA
Director of Corporate Resources

18 September 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19 £000	2017/18 £000
Net deficit on the provision of services	(1,678)	(665)
Adjustments to net deficit on the provision of services for non-cash movements	1,421	(332)
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(163)	(86)
Net cash flows from Operating Activities (note 22)	(420)	(1,083)
Investing Activities (note 23)	(122)	47
Net decrease in cash and cash equivalents	(542)	(1,036)
Cash and cash equivalents at 1 April	15,781	16,817
Cash and cash equivalents at 31 March	15,239	15,781

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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 2019 (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 2019 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.4% (2017/18: 2.6%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year 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 2019 (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 2019 (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 grants and third party contributions are recognised as due to the Committee when there is reasonable assurance that:

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

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

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

j Intangible Assets

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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 2019 (continued)

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

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

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

o Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

- Leasehold Improvements – the lower of 10 years or the remaining period left on the lease;
- Furniture and Equipment:
 - Furniture and Fittings – 5 years;
 - Computer Hardware – 3 years.

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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. Restatement of Comparatives

The prior year's financial statements have been restated to reflect new disclosure requirements brought in by IFRS 9, Financial Instruments. The standard requires the movement in the impairment allowance for bad debts (previously known as the Bad Debt Provision) to be included in the Financing and Investment and Expenditure line of the Comprehensive Income and Expenditure Statement. This new treatment is consistent with the concept of debtors no longer being purely amounts due for the provision of goods and services, but having now become credit facilities to be treated like loans. Any loss from bad debts (impairment or derecognition) which are considered to relate to the provision of credit facilities would thus now be a loss of principal, rather than a non-payment for the goods/services. 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.

The effect on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2018:

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

2. Restatement of Comparatives (continued)

Net Surplus on Provision of Services:

	As previously stated £000	Restatement £000	As Restated £000
Transport and Environment Committee	(699)	53	(646)
Financing and Investment Income and Expenditure	745	(53)	692

The changes above are also reflected in the Expenditure and Funding Analysis.

The restatement has no impact on the Movement in Reserves Statement or the Balance Sheet.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) has introduced changes in accounting policies which will be required from 1 April 2018. If these had been adopted for the financial year 2018/19 there would be no material changes to the Committee's accounts as detailed below.

IAS40 Investment Property – There is an amendment to this standard to state that an entity shall transfer a property to, or from, an investment property when, and only when, there is evidence of a change in use. A change of use occurs if the property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Committee does not own any property so these amendments will not have any impact on the Committee's accounts.

Annual Improvements to IFRS Standards 2014 2016 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 IFRS 1 – *First-time Adoption of International Financial reporting Standards*, IFRS 12 – *Disclosure of Interests in Other Entities*, IAS 208 - *Investments in Associates and Joint Ventures*. These improvements will not have an impact on the Committee's accounts.

IFRIC 22 Foreign Currency Transactions and Advance Consideration – This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. This interpretation is unlikely to have a material impact on the Committee's accounts due to the low number and value of foreign currency transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – This interpretation applies to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. This interpretation will not have any effect on the Committee's accounts as it is not subject on income tax.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

IFRS 9 Financial Instruments – This narrow scope amendment allows financial instruments with symmetric prepayment options to qualify for amortised cost or fair value through other comprehensive income measurement because they would otherwise fail the solely payments of principal and interest condition. This amendment will not have an impact on the Committee's accounts due to the type of financial instruments held by the Committee.

In 2018/19, the Committee adopted IFRS 9 *Financial instruments* and IFRS15 *Revenue from Contracts with Customers*.

4. 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.

5. 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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.747 million. However, the assumptions interact in complex ways. During 2018/19, Barnett Waddingham LLP advised that the net pensions liability had increased by £4.268 million as a result of a change in financial assumptions.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**5. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (continued)****Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Committee will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £25,000 for every year that useful lives had to be reduced.

Provisions

The Committee has made a provision of £838,000 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 £84,000 to the annual contribution to the provision.

Impairment Loss on PCN Debts

At 31 March 2019, the Committee had an amount of £333,000 of debts registered at the County Court. An impairment loss of £267,000 based on a 20% recovery rate recognised in the accounts. However, in the current economic climate it is not certain that such an allowance is sufficient and if collection rates were to deteriorate the provision will have to be increased accordingly.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 18 September 2019. 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 2019, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

7. Note to the Consolidated 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.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

7. Note to the Consolidated Expenditure and Funding Analysis (continued)

Adjustments between funding and accounting basis during 2018/19:

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

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Grants Committee	61	4	65
Transport and Environment Committee	374	3	377
London Councils Core Joint Committee	784	19	803
Net Cost of Services	1,219	26	1,245
Financing and investment income and expenditure	831	-	831
Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services	2,050	26	2,076

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.

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.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

8. Financing and Investment Income and Expenditure

	2018/19 £000	2017/18 £000 (Restated)
Interest Payable	7	6
Interest and Investment Income	(170)	(92)
Net Loss on Pension Scheme Assets/Liabilities (see note 10)	706	831
Impairment losses/(gains) for bad debts	183	(53)
Total	726	692

9. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2018/19, 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:

	2018/19 £000	2017/18 £000
Revenue from contract	(896)	(985)
Impairment of contract receivables (annual movement)	-	1
Total	(896)	(984)

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

	2018/19 £000	2017/18 £000
Receivables (included in debtors)	508	603
Impairment of contract receivables	(2)	(2)
Total	506	601

In 2018/19, 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:

	2018/19 £000	2017/18 £000
Revenue from contract	(427)	(529)
Impairment of contract receivables (annual movement)	-	-
Total	(427)	(529)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

9. Revenue from Contracts with Service Recipients (continued)

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

	2018/19 £000	2017/18 £000
Receivables (included in debtors)	68	23
Impairment of contract receivables	-	-
Total Receivables	68	23
Liabilities (included in creditors)	-	(1)
Total Liabilities	-	(1)

10. Pensions

Defined Benefit Scheme

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

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

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

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

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

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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 2019 (continued)**10. Pensions (continued)**

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

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

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 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 2016 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2019 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. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 March 2019. It should be noted that this adjustment is an estimate of the potential impact on the Committee's Defined Benefit Obligation based on analysis carried out by the Government Actuary's Department (GAD) and the Committee's liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

Financial Assumptions

The financial assumptions as at 31 March 2019:

Assumptions as at:	31 March 2019 (% per annum)	31 March 2018 (% per annum)
RPI increases	3.4%	3.3%
CPI increases	2.4%	2.3%
Salary increases	3.9%	3.8%
Pension increases	2.4%	2.3%
Discount rate	2.4%	2.6%

These assumptions are set with reference to market conditions at 31 March 2019.

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

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

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

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.4% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts and is consistent with the approach used at the previous accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, a short-term overlay has been allowed from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent funding valuation as at 31 March 2016 have been adopted. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long term rate of improvement of 1.5% per annum.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

The assumed life expectations from age 65 are:

	31 March 2019	31 March 2018
Retiring today:		
Males	21.0	22.0
Females	23.6	24.6
Retiring in 20 years:		
Males	22.8	24.3
Females	25.2	26.9

The following assumptions have also been made:

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

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2019:

	At 31 March 2019		At 31 March 2018	
	£000	%	£000	%
Equities	31,351		32,226	61%
Target return portfolio	14,481		11,811	22%
Infrastructure	3,223		2,305	4%
Property	5,101		3,793	7%
Cash	2,639		2,567	5%
	56,795		52,702	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code. Under the Liability Driven Investment (LDI), RPI swaps are used to hedge 25% of the Funds cash flow liability against inflation.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Fair value of employer assets	56,795	52,702
Present value of scheme liabilities	(83,357)	(80,647)
Net Liability	(26,562)	(27,945)
Present value of unfunded liabilities	(71)	(74)
Net Liability in Balance Sheet	(26,633)	(28,019)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Service cost	2,350	1,758
Net interest on the defined liability	706	831
Administration expenses	69	66
Total	3,125	2,655

The reconciliation of the Defined Benefit Obligation at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Defined Benefit Obligation	(80,721)	(80,456)
Current service cost	(1,775)	(1,758)
Interest cost	(2,037)	(2,237)
Change in financial assumptions	(4,268)	2,628
Change in demographic assumptions	4,264	-
Estimated benefits paid net of transfers	2,100	1,496
Past service costs including curtailments	(575)	-
Contributions by scheme participants	(421)	(399)
Unfunded pension payments	5	5
Closing Defined Benefit Obligation	(83,428)	(80,721)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Fair Value of Employer's Assets	52,702	50,467
Interest on assets	1,331	1,406
Return on assets less interest	3,867	1,392
Other actuarial gains	-	-
Administration expenses	(69)	(66)
Contributions by employer	648	605
Contributions by scheme participants	421	399
Estimated benefits paid plus unfunded net of transfers in	(2,105)	(1,501)
Closing Fair Value of Employer's Assets	56,795	52,702

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	81,681	83,428	85,214
Projected service cost	1,779	1,822	1,866
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	83,584	83,428	83,273
Projected service cost	1,822	1,822	1,822
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	85,056	83,428	81,835
Projected service cost	1,866	1,822	1,779
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	86,343	83,428	80,612
Projected service cost	1,885	1,822	1,762

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Return on plan assets in excess of interest	3,867	1,392
Change in financial assumptions	(4,268)	2,628
Change in demographic assumptions	4,264	-
Re-measurements	3,863	4,020

The projections for the year to 31 March 2020 is as follows:

	31 March 2020
	£000
Service cost	1,822
Net interest on the defined liability	631
Administration expenses	74
Total	2,527
Employers contribution	627

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. The scheme is operated by Smart Pension and the amount recognised as an expense is as follows:

	2018/19	2017/18
	£000	£000
Current period contributions	16	7

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Property, Plant and Equipment

Movements in 2018/19:

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

Comparative movements in 2017/18:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2017	1,142	1,931	3,073
Additions	19	20	39
Disposals	(74)	-	(74)
At 31 March 2018	1,087	1,951	3,038
At 1 April 2017	940	608	1,548
Charge for the year	88	229	317
Charge relating to Disposals	(74)	-	(74)
At 31 March 2018	954	837	1,791
Net Book Value			
At 31 March 2018	133	1,114	1,247
At 31 March 2017	202	1,323	1,525

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 2019 (continued)

11. Property, Plant and Equipment (continued)

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

12. 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 2019 £000	31 March 2018 £000
Balance at start of year:		
Gross carrying amount	35	35
Accumulated amortisation	(27)	(22)
Net carrying amount at start of year	8	13
Additions	4	-
Disposals	-	-
Amortisation for the period	(4)	(5)
Net carrying amount at end of year	8	8
Comprising:		
Gross carrying amount	39	35
Accumulated amortisation	(31)	(27)
	8	8

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

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

13. Short Term Debtors

	31 March 2019 £000	31 March 2018 £000
Amounts owed by member authorities	2,294	2,350
Payments in advance	1,801	1,734
Other debtors	5,365	3,528
Impairment losses for bad debts	(273)	(97)
Total	9,187	7,515

14. Cash and Cash Equivalents

	31 March 2019 £000	31 March 2018 £000
Cash held by the Committee	71	61
Cash balances held by the City of London	15,168	15,720
Total	15,239	15,781

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

15. Short Term Creditors

	31 March 2019	31 March 2018
	£000	£000
Amounts owed to member authorities	(7,027)	(7,372)
Receipts in advance	(383)	(251)
Accruals	(1,972)	(1,702)
Other creditors	(49)	(224)
Total	(9,431)	(9,549)

16. Provisions

	Property Lease Provisions
	£000
Balance at 1 April 2018	(770)
Additional Provisions made in 2018/19	(73)
Unwinding of discount	(7)
Amounts used in 2018/19	12
Balance at 31 March 2019	(838)

Analysis of Total Provisions:

	£000
Current	(225)
Non-current	(613)
Total Provision	(838)

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

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

17. Long Term Creditors

	31 March 2019	31 March 2018
	£000	£000
Amounts owed to member authorities	(786)	(195)
Accruals	(110)	(251)
Total	(896)	(446)

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

18. Financial Instruments

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

Financial assets:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	23,923	22,709
Total financial assets	23,923	22,709
Non-financial assets	1,827	1,842
Total assets	25,750	24,551

Financial liabilities:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	(11,024)	(10,630)
Total financial liabilities	(11,024)	(10,630)
Non-financial liabilities	(26,624)	(28,154)
Total liabilities	(37,648)	(38,784)

19. Usable Reserves

	31 March 2019	31 March 2018
	£000	£000
General Reserve	11,173	10,810
2020 Freedom Pass Re-issue Reserve	3,413	3,111
Special Projects Reserve	140	-
Total	14,726	13,921

20. Transfers to Specific Reserves

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

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

Transfers to the Specific Reserves during the year ended 31 March 2018:

	Balance at 1 April 2017	Transfer out	Transfer In	Balance at 31 March 2018
	£000	£000	£000	£000
2020 Freedom Pass Re-issue Reserve	1,734	-	1,377	3,111
Total	1,734	-	1,377	3,111

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

20. Transfers to Specific Reserves (continued)

The 2020 Freedom Pass Re-issue Reserves was established by the Committee on 11 December 2014 to accumulate funds to meet the cost of the Freedom Pass reissue exercise.

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

21. Unusable Reserves

	31 March 2019	31 March 2018
	£000	£000
Pensions Reserve	(26,633)	(28,019)
Accumulated Absences Reserve	(141)	(135)
Total	(26,774)	(28,154)

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.

	2018/19	2017/18
	£000	£000
Balance at 1 April	(28,019)	(29,989)
Actuarial (losses)/gains on pension assets and liabilities	3,863	4,020
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	(3,125)	(2,655)
Employer's pensions contribution and direct payments to pensioners payable in the year	648	605
	(2,477)	(2,050)
Balance at 31 March	(26,633)	(28,019)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

21. 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.

	2018/19		2017/18	
	£000	£000	£000	£000
Balance at 1 April		(135)		(109)
Settlement or cancellation of accrual made at the end of the preceding year	135		109	
Amounts accrued at the end of the current year	(141)		(135)	
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		(6)		(26)
Balance at 31 March		(141)		(135)

22. Cash Flow Statement – Operating Activities

	2018/19		2017/18	
	£000	£000	£000	£000
Deficit on Provision of Services		(1,678)		(665)
Adjusted for:				
Current Service Cost Adjustment	1,771		1,219	
Depreciation	212		317	
Amortisation of Intangible Assets	4		5	
Net loss on Pension Scheme				
Assets/Liabilities	706		831	
Provision for liabilities and charges	68		127	
Increase in Debtors	(1,672)		(1,847)	
Increase/(Decrease) in Creditors	332		(984)	
Adjustments for non-cash movements		1,421		(332)
Interest Payable	7		6	
Interest and Investment Income	(170)		(92)	
Adjustments for investing and financing activities		(163)		(86)
Net cash flows from Operating Activities		(420)		(1,083)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

23. Cash Flow Statement – Investing Activities

	2018/19	2017/18
	£000	£000
Interest Payable	(7)	(6)
Interest and Investment Income	170	92
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(285)	(39)
Total	(122)	47

24 Leases**Operating Leases**

The Committee uses leased properties under the terms of operating leases. The amounts payable under these arrangements during the year amounted to £1,080,000 (2017/18: £1,137,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2019	31 March 2018
	£000	£000
Not later than one year	1,272	1,272
Later than one year and not later than five years	5,087	3,120
Later than five years	1,933	592
Total	8,292	4,984

25. Intragroup Transactions

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

	2018/19	2017/18
	£000	£000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	512	505
Income	(512)	(505)
London Councils Limited recharge of Southwark Street costs to London Councils Joint Committee:		
Expenditure	-	164
Income	-	(164)
Grants Committee transfer of payments to boroughs to London Councils Joint Committee:		
Expenditure	-	99
Income	-	(99)

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

26. Members' Allowances

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

	2018/19 £000	2017/18 £000
Members' Allowances	218	199

27. 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	
	2018/19 £000	2017/18 £000
£50,000 - £54,999	6	5
£55,000 - £59,999	3	2
£60,000 - £64,999	3	6
£65,000 - £69,999	3	1
£70,000 - £74,999	1	2
£75,000 - £79,999	1	2
£80,000 - £84,999	4	2
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£95,000 - £99,999	1	-
£100,00 - £104,999	3	3
£105,000 - £109,999	-	-
£110,000 - £114,999	1	2
£115,000 - £119,999	1	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	1
£150,000 - £154,999	1	1

These amounts include payments made to Parking Adjudicators.

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

27. Officers' Remuneration (continued)

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

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

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

27. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2017/18 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)	149,955	2,999	-	152,954	18,354	171,308
Corporate Director, Policy and Public Affairs	125,411	-	-	125,411	15,049	140,460
Corporate Director, Services	101,377	-	-	101,377	12,165	113,542
Director, Corporate Governance	101,377	-	-	101,377	12,165	113,542
Director, Corporate Resources	113,120	-	-	113,120	13,574	126,694
Director, Transport and Mobility	92,740	-	-	92,740	11,129	103,869
Strategic Director, Young People Education and Skills, Community Services and Grants	101,377	-	-	101,377	12,165	113,542
Total	785,357	2,999	-	788,356	94,601	882,957

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

28. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2018/19 (2017/18: £9,000).

29. External Audit Costs

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

	2018/19	2017/18
	£000	£000
Fees payable to KPMG LLP in respect of the audit of the Statement of Accounts:	38	36
	38	36

30. 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 2018/19 was £45.053 million (2017/18: £46.764 million). The total value of expenditure on rent, rates, professional fees and the distribution of grants paid to member boroughs during 2018/19 was £2.517 million (2017/18: £3.121 million). On 31 March 2019, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.294 million (2017/18: £2.35 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.813 million (2017/18: £7.42 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 2018/19 was £10.202 million (2017/18: £10.135 million). The total value of expenditure on charges during 2018/19 was £19,000 (2017/18: £29,000). On 31 March 2019, the value of debtor balances owed by TfL amounted to £2.45 million (2017/18: £1.531 million) and there were no creditor balances owed to TfL (2017/18: Nil).

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

30. 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 2018/19 amounted to £4.826 million (2017/18: £4.208 million). The total value of funding received from Central Government in 2018/19 amounted to £97,000 (2017/18: £280,000). On 31 March 2019, the value of debtor balances owed by central government bodies amounted to £1.037 million (2017/18: £870,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £223,000 (2017/18: £20,000).

London Pensions Fund Authority (LPFA)

London Councils' pension scheme is administered by the LPFA and a member of London Councils Leaders Committee sits on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2018/19 was £665,000 (2017/18: £628,000). On 31 March 2019, the value of creditor balances owed to the LPFA (including receipts in advance) amounted to £5,000 (2017/18: £1,000).

31. Grant Commitments

The value of commitments in 2019/20 is £6.275 million. Included within these amounts is £102,000 in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £51,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

32. Concessionary fares

These accounts do not include the amount of £322.924 million (2017/18: £324.181 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

33. 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 2018/19

	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000
Cost of Services						
Borough commissioned services	6,093	(6,173)	(80)	6,054	(6,173)	(119)
ESF commissioned services	1,599	(1,103)	496	659	(1,255)	(596)
One off Payment to Boroughs	-	-	-	156	-	156
Cost of Services	7,692	(7,276)	416	6,869	(7,428)	(559)
Other Operating Expenditure	596	(535)	61	767	(555)	212
Financing and investment income and expenditure	29	(15)	14	42	(13)	29
(Surplus)/Deficit on Provision of Services	8,317	(7,826)	491	7,678	(7,996)	(318)
Re-measurement of the net defined liability			(440)			(274)
Other Comprehensive Income and Expenditure			(440)			(274)
Total Comprehensive Income and Expenditure			51			(592)

Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2018/19

	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000 (Restated)	2017/18 Gross Income £000 (Restated)	2017/18 Net £000 (Restated)
Cost of Services						
Freedom Pass and Taxicard services	33,422	(34,218)	(796)	33,858	(34,807)	(949)
Direct Services	9,489	(10,823)	(1,334)	9,214	(10,522)	(1,308)
One off Payment to Boroughs	-	-	-	340	-	340
Cost of Services	42,911	(45,041)	(2,130)	43,412	(45,329)	(1,917)
Other Operating Expenditure	1,549	(329)	1,220	1,618	(347)	1,271
Financing and investment income and expenditure	400	(44)	356	256	(73)	183
Surplus on Provision of Services	44,860	(45,414)	(554)	45,286	(45,749)	(463)
Re-measurement of the net defined liability			(1,199)			(732)
Other Comprehensive Income and Expenditure			(1,199)			(732)
Total Comprehensive Income and Expenditure			(1,753)			(1,195)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2018/19

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

	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000
Cost of Services						
Direct services	-	-	-	17	(17)	-
Challenge Implementation Fund	208	(208)	-			
Externally Funded Projects	2,155	(1,871)	284	2,384	(2,040)	344
Improvement and Efficiency	23	(23)	-	154	(154)	-
Research and Commissioning	487	(487)	-	331	(331)	-
YPES Regional Activity	51	(180)	(129)	42	(180)	(138)
One-off Payment to Boroughs	-	-	-	330	-	330
Net Cost of Services	2,924	(2,769)	155	3,258	(2,722)	536
Other Operating Expenditure	7,350	(6,120)	1,230	6,846	(6,416)	430
Financing and investment income and expenditure	467	(111)	356	539	(59)	480
Deficit on Provision of Services	10,741	(9,000)	1,741	10,643	(9,197)	1,446
Re-measurement of the net defined liability			(2,224)			(3,014)
Other Comprehensive Income and Expenditure			(2,224)			(3,014)
Total Comprehensive Income and Expenditure			(483)			(1,568)

Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2018/19 (continued)

a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £512,000 (2017/18: £669,000) and income of £512,000 (2017/18: £669,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to the London Councils Joint Committee and London Councils Transport and Environment Committee.

These amounts are removed on consolidation as follows:

	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000
Net Cost of Services	2,924	(2,769)	155	3,258	(2,722)	536
Other Operating Expenditure	7,350	(6,120)	1,230	6,846	(6,416)	430
	10,274	(8,889)	1,385	10,104	(9,138)	966
Recharge of premises costs	(512)	512	-	(669)	669	-
Transfer from Grants Committee to London Councils Joint Committee	-	-	-	(99)	99	-
Amount included in Consolidated Income and Expenditure Statement	9,762	(8,377)	1,385	9,336	(8,370)	966

b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	2018/19 £000	2017/18 £000
Staff costs	4,762	4,203
Premises costs	1,659	1,693
Other running costs	929	950
Total	7,350	6,846

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

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

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

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

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

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

Financial Instrument

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

Financial Liability

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

Fixed Assets

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

Historical Cost

This is the cost deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

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

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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

LONDON COUNCILS GRANTS COMMITTEE

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2019

LONDON COUNCILS – GRANTS COMMITTEE

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

REVIEW OF THE YEAR

Introduction

London Councils is committed to fighting for more resources for the capital and getting the best possible deal for London's 33 local authorities.

Much of our work consists of lobbying the government and others on behalf of our member councils, not just for a fair share of resources, but also to protect and enhance council powers to enable them to do the best possible job for their residents and local businesses.

We develop policy and do all we can to help our boroughs improve the services they deliver. We also run a range of services ourselves, all designed to make life better for Londoners.

London Councils Grants Committee

The London Councils Grants Programme commissions voluntary organisations through grants to provide specified services. The Programme operates under the London Boroughs Grants Scheme, which was established under Section 48 of the Local Government Act 1985. Each London Borough and the City of London contribute to the costs of the Programme on a per-capita basis. The Programme is overseen by the London Councils Grants Committee. Each borough and the City have a representative on the Committee. The Committee meets regularly to make decisions on grants policies, awards of grants, and oversight of the delivery of the Programme to secure full value for money.

The Programme is accounted for separately from other activities of London Councils.

Under the legislation, the City of London is the "designated council" for the scheme and has the responsibility under S.151 of the 1972 Local Government Act for adequate financial administration for the scheme.

The London Councils Leaders' Committee sets the overall strategy for grants and the budget.

The 2017-21 Grants Programme

The financial year 2017/18 saw the start of the 2017-21 four-year programme, covering three priority areas:

Priority 1 Combatting Homelessness - £9.9million (over 4 years)

- Prevention and targeted intervention
- Youth homelessness
- Supporting the response to homelessness in London through support to voluntary sector organisations

Five projects are funded under this priority.

Priority 2 Tackling Sexual and Domestic Violence - £14.8million (over 4 years)

- Prevention (working with children and young people)
- Advice, counselling and support to access services
- Helpline, access to refuge provision/support and advice, data gathering on refuge provision and supporting regional coordination of refuge provision
- Emergency refuge accommodation and support, and alternative housing options to meet the needs of specific groups
- Strengthening support for frontline sexual and domestic violence workers
- Targeted services for those affected by harmful practices (FGM, honour based violence, forced marriage and other harmful practices).

Eight projects are funded under this priority.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)***Priority 3 Tackling Poverty through Employment - £3million (delivery September 2016 to June 2019 and match-funded by the European Social Fund)***

- Tackling poverty by promoting access to employment and training drawing on opportunities for match funding provided by boroughs working with London Councils and the European Social Fund
- Preparatory training and support to improve access to employment and further training opportunities for people not eligible for the Work Programme affected by long term conditions.

Six projects are funded under this priority.

The 2014-21 Programme will operate under the following principles agreed by the Leaders' Committee:

Principles

- Commissioning services that deliver effectively and can meet the outcomes specified by London Councils, rather than funding organisations
- Commissioning services where there is clear evidence of a need to complement existing provisions that support organisations deliver services
- Commissioning services where it is economical and efficient to deliver services on a London wide basis or where mobility is key to delivery of a service to secure personal safety
- Commissioning services that cannot reasonably be delivered locally, at a borough or sub-regional level
- Commissioning services that work with statutory and non-statutory partners and contribute to meeting the objectives of the Equality Act 2010.

London Funders

London Councils works closely with London Funders, reflecting the challenges of delivering services efficiently and attracting other funding for voluntary organisations in London. London Councils provides an annual subscription of £60,000 to London Funders on behalf of the London boroughs. London Councils is represented on the London Funder Board of Trustees.

European Social Fund

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and to help raise standards of living. It aims to help people fulfil their potential by giving them better skills and better job prospects. London Councils receives ESF through the Greater London Authority, which operates within a framework set by the Department for Work and Pensions and the London Economic Action Partnership. Activities, outputs and results that contribute to the employment and skills priorities in the regional ESF framework are funded through the ESF programme.

Priority 3 of the Grants Committee's programme – tackling poverty through employment – is half funded by ESF. The six projects delivering this priority were commissioned in the summer of 2016.

Looking forward to 2019-20

We look forward to continuing to tackle the priorities set by Leaders' and Grants Committees in the coming year. The mid-point review of the 2017-21 programme, undertaken to better understand the impact of the projects and, where necessary, look to better realign projects to a changing landscape, confirmed that there is ever greater need for the services commissioned through the Programme. We will manage the performance of these commissions and report to the Committee on a regular basis. We will also explore with the Grants Committee, the appetite for a 2021-2025 pan-London Grants Programme.

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

The Committee's accounts for the 2018/19 financial year are set out over the following pages. They include:

- i) Statement of Responsibilities for the Statement of Accounts (page 5);
- ii) Expenditure and Funding Analysis (page 15);
- iii) Comprehensive Income and Expenditure Statement (page 16);
- iv) Movement in Reserves Statement (page 17);
- v) Balance Sheet (page 18);
- vi) Cash Flow Statement (page 19); and
- vii) Notes to the Accounts (page 20 - 41).

Revenue expenditure

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

	Revised Budget	Actual	Variation
	£000	£000	£000
Expenditure	8,668	8,288	(380)
Income	(7,668)	(7,811)	(143)
Net cost of services	1,000	477	(523)
Interest Expense	-	14	14
Deficit/(Surplus) for the year	1,000	491	(509)
Net Transfer from Reserves	(1,000)	(689)	311
Surplus for the year (including transfer from reserves)	-	(198)	(198)

The surplus of £198,000 is due to an underspend of £80,000 in respect of the payments to providers of S.48 commissioned services. The underspend relates to a reduction in payments made to St Mungo Community Housing Association and Shelter. There is an underspend of £118,000 in relation to the administration of the S.48 commissions, attributable to:

- an underspend of £37,000 in respect of employee costs due to vacancies within the team and an underspend on the maternity provision;
- an underspend of £16,000 for general running costs including central recharges;
- an underspend of £49,000 in respect of resources earmarked to support the delivery of the ESF match funded programme which was not required due to a lower level of activity than originally anticipated; and
- an additional sum of £16,000 from investment income has been received on Committee reserves, not previously budgeted for.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The S.48 ESF matched funded commissions, performance has increased and improved over the last twelve months, as the programme approaches its conclusion. Payments to providers of £1.599 million have been recognised in the 2018/19 outturn figures. Due to the payment structure for ESF projects, higher levels of spend are recognised in the accounts towards the latter stages of projects, when outcomes (job entries and sustained jobs) can be verified. From 2018/19 onwards, no further borough contributions were levied; however, £303,000 of the £512,000 of deferred income in respect of advance payments to commissioned services being held from previous borough contributions were recognised as income in the accounts, along with a transfer of £590,000 of borough contributions held in reserves. Administrative costs, estimated to be in the region of £134,000, have been incurred in respect of the new programme, for which ESF grant funding of £40,000 is expected to accrue in respect of eligible expenditure.

The Balance Sheet shows that the General Fund reserve balance has decreased from £2.443 million at the beginning of the year to £2.051 million at the year-end.

Budget for 2019/20

On 4 December 2018, the Leaders' Committee approved a gross expenditure budget for 2019/20 of £6.909 million. An amount of £6.275 million related to payments to commissioned services, with the residual budget of £555,000 relating to management and administration expenditure. The London boroughs gave agreement to the budget by the statutory two-thirds majority before the end of January 2019.

The Committee has arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Committee's Responsibilities

The Committee is required to:

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

The Chamberlain of the City of London's Responsibilities

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

In preparing this Statement of Accounts, the Chamberlain of the City of London has:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2019 and of its income and expenditure for the year then ended.



Caroline Al-Beyerty
Deputy Chamberlain, City of London Corporation

18 September 2019

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2019, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'Roger Ramsey', written in a cursive style.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2019

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2019 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 which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **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 produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and 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 5 June 2018. 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. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **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.
- **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 5 June 2018. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 5 June 2018. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2018. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

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 which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **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 5 June 2018. 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.

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The 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 2018/19.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2019/20

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2019/20:

Grants

An internal audit review on grant monitoring and payments was completed in 2018/19. The review examined the monitoring arrangements that ensure beneficiary organisations successfully deliver their grant funded project and that payments are valid and made on a timely basis. The review revealed that there was an adequate control framework in place but identified a number of areas to improve such as financial due diligence, arrangements for reviewing and authorising payments and the recording of follow up actions required by ESF grant recipients. The recommended improvements will be implemented during 2019/20.

Information Management and Security

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. Some of the recommended improvements were implemented during 2018/19 with the rest completed during 2019/20.

ANNUAL GOVERNANCE STATEMENT (continued)**Remote Access and Mobile Devices**

An internal audit review on the use of remote access and mobile devices was completed in 2018/19. The review assessed the adequacy of the internal controls for managing mobile devices and access to London Councils network through remote working. The review concluded that there was an adequate control framework in place but identified some areas to improve such as policies, procedures, guidance and security controls. A number of the recommendations have been implemented as part of London Councils' ICT transformation programme which commenced in 2018/19. The remaining recommendations will be implemented in 2019/20.

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

Significant governance issues

There are no significant governance issues.



John O'Brien
Chief Executive

18 September 2019



Cllr Peter John OBE
Chair of London Councils

18 September 2019

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

We have audited the financial statements of London Councils Grants Committee ('the Committee') for the year ended 31 March 2019 which comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2019 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chamberlain of the City of London is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chamberlain of the City of London's responsibilities

As explained more fully in the statement set out on page 5, the Chamberlain of the City of London is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS GRANTS COMMITTEE (continued)**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Committee, as a body. Our audit work has been undertaken so that we might state to the members of the Committee, as a body, 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 members of the Committee, as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Hewitson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2019

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2019

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

	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
	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						
Borough commissioned services	(80)	-	(80)	(119)	-	(119)
ESF commissioned services	496	-	496	(596)	-	(596)
One off Payment to Boroughs	-	-	-	156	-	156
Net Cost of Services	416	-	416	(559)	-	(559)
Other Operating Expenditure	(9)	70	61	147	65	212
Financing and investment income and expenditure	(15)	29	14	(13)	42	29
Deficit /(Surplus) on Provision of Services	392	99	491	(425)	107	(318)
Opening Usable Reserve Balance	(2,443)			(2,018)		
Surplus	392			(425)		
Closing Usable Reserve Balance	(2,051)			(2,443)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

	Notes	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net £000
Cost of Services							
Borough commissioned services		6,093	(6,173)	(80)	6,054	(6,173)	(119)
ESF commissioned services		1,599	(1,103)	496	659	(1,255)	(596)
One off Payment to Boroughs		-	-	-	156	-	156
Cost of Services		7,692	(7,276)	416	6,869	(7,428)	(559)
Other Operating Expenditure	7	596	(535)	61	767	(555)	212
Financing and investment income and expenditure	8	29	(15)	14	42	(13)	29
(Surplus)/Deficit on Provision of Services		8,317	(7,826)	491	7,678	(7,996)	(318)
Re-measurement of the net defined liability	10			(440)			(274)
Other Comprehensive Income and Expenditure				(440)			(274)
Total Comprehensive Income and Expenditure				51			(592)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19			2017/18		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April	2,443	(1,439)	1,004	2,018	(1,606)	412
Total Comprehensive Income and Expenditure	(491)	440	(51)	318	274	592
Adjustments between accounting basis and funding basis under regulations (note 6)	99	(99)	-	107	(107)	-
Increase/(Decrease)	(392)	341	(51)	425	167	592
Balance at 31 March	2,051	(1,098)	953	2,443	(1,439)	1,004

BALANCE SHEET AS AT 31 MARCH 2019

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	£000	31 March 2018 £000
Short Term Debtors	12	1,277	1,440
Cash and Cash Equivalents	13	983	1,556
Current Assets		2,260	2,996
Short Term Creditors	14	(218)	(565)
Current Liabilities		(218)	(565)
Other Long Term Liabilities	10	(1,089)	(1,427)
Long Term Liabilities		(1,089)	(1,427)
Net Assets		953	1,004
Usable Reserves		2,051	2,443
Unusable Reserves	16	(1,098)	(1,439)
Total Reserves		953	1,004

The notes on pages 20 to 41 form part of the accounts.



Caroline Al-Beyerty
Deputy Chamberlain, City of London Corporation

18 September 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19	2017/18
	£000	£000
Net (deficit)/surplus on the provision of services	(491)	318
Adjustments to net (deficit)/surplus on the provision of services for non-cash movements	(82)	(1,050)
Adjustments for items included in the net (deficit)/surplus on the provision of services that are investing and financing activities	(15)	(13)
Net cash flows from Operating Activities (note 17)	(588)	(745)
Investing Activities (note 18)	15	13
Net increase/(decrease) in cash and cash equivalents	(573)	(732)
Cash and cash equivalents at 1 April	1,556	2,288
Cash and cash equivalents at 31 March	983	1,556

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

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

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.4% (2017/18: 2.6%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**1. Accounting Policies (continued)**

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

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

g Exceptional Items and Prior Period Adjustments

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

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

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

h Financial Instruments**Financial Liabilities**

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

Currently the Committee has no borrowings.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)**Financial Assets**

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

i Government Grants and Contributions

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

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

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

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

j Intangible Assets

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

k Interest Income

Interest 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 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**1. Accounting Policies (continued)****m Property, Plant and Equipment**

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

Assets are initially measured at cost, comprising:

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

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

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

- Leasehold Improvements – the lower of 10 years or the remaining period left on the lease
- Furniture and Equipment:
 - Furniture and Fittings – 5 years;
 - Computer Hardware – 3 years.

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

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

n Reserves

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

o Value Added Tax

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) has introduced changes in accounting policies which will be required from 1 April 2019. If these had been adopted for the financial year 2018/19 there would be no material changes to the Committee's accounts as detailed below.

IAS40 Investment Property – There is an amendment to this standard to state that an entity shall transfer a property to, or from, an investment property when, and only when, there is evidence of a change in use. A change of use occurs if the property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Committee does not own any property so these amendments will not have any impact on the Committee's accounts.

Annual Improvements to IFRS Standards 2014 2016 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 IFRS 1 – *First-time Adoption of International Financial reporting Standards*, IFRS 12 – *Disclosure of Interests in Other Entities*, IAS 208 - *Investments in Associates and Joint Ventures*. These improvements will not have an impact on the Committee's accounts.

IFRIC 22 Foreign Currency Transactions and Advance Consideration – This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. This interpretation is unlikely to have a material impact on the Committee's accounts due to the low number and value of foreign currency transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – This interpretation applies to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. This interpretation will not have any effect on the Committee's accounts as it is not subject on income tax.

IFRS 9 Financial Instruments – This narrow scope amendment allows financial instruments with symmetric prepayment options to qualify for amortised cost or fair value through other comprehensive income measurement because they would otherwise fail the solely payments of principal and interest condition. This amendment will not have an impact on the Committee's accounts due to the type of financial instruments held by the Committee.

In 2018/19, the Committee adopted IFRS 9 *Financial instruments* and IFRS15 *Revenue from Contracts with Customers*.

3. Critical Judgements in Applying Accounting Policies

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

The only critical judgement made in the Statement of Accounts is:

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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 2019 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 £71,000. However, the assumptions interact in complex ways. During 2018/19, Barnett Waddingham LLP advised that the net pensions liability had increased by £175,000 as a result of changes in the financial assumptions.

5. Events After the Balance Sheet Date

The Statement of Accounts will be authorised for issue by the Director of Corporate Resources on 18 September 2019. 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 2019, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

6. 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

Adjustments between funding and accounting basis during 2018/19:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	73	(3)	70
Financing and investment income and expenditure	29	-	29
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	102	(3)	99

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Borough commissioned services	-	-	-
ESF commissioned services	-	-	-
One off Payment to Boroughs	-	-	-
Net Cost of Services	-	-	-
Other Operating Expenditure	61	4	65
Financing and investment income and expenditure	42	-	42
Difference between General Reserve and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	103	4	107

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

6. 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. Other Operating Expenditure

	2018/19	2017/18
	£000	£000
Staff costs	422	568
Premises costs	59	68
Other running costs	115	131
Total	596	767

8. Financing and Investment Income and Expenditure

	2018/19	2017/18
	£000	£000
Interest and Investment Income	(15)	(13)
Net loss on Pension Scheme Assets/Liabilities (see note 10)	29	42
Total	14	29

9. Revenue from Contracts with Service Recipients

The Committee's main source of income is annual subscriptions from member authorities. The Committee also received an ESF match funded grant. The Committee did not raise any revenue from contracts with service recipients during 2018/19 (2017/18: Nil).

10. Pensions

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

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

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

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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

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

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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

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

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

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 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 2016 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 2019 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

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. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 March 2019. It should be noted that this adjustment is an estimate of the potential impact on the Committee's Defined Benefit Obligation based on analysis carried out by the Government Actuary's Department (GAD) and the Committee's liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

Financial Assumptions

The financial assumptions as at 31 March 2019:

Assumptions as at:	31 March 2019 (% per annum)	31 March 2018 (% per annum)
RPI increases	3.4%	3.3%
CPI increases	2.4%	2.3%
Salary increases	3.9%	3.8%
Pension increases	2.4%	2.3%
Discount rate	2.4%	2.6%

These assumptions are set with reference to market conditions at 31 March 2019.

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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.4% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts and is consistent with the approach used at the previous accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, a short-term overlay has been allowed from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent funding valuation at 31 March 2016 have been adopted. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long term rate of improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

	31 March 2019	31 March 2018
Retiring today:		
Males	21.0	22.0
Females	23.6	24.6
Retiring in 20 years:		
Males	22.8	24.3
Females	25.2	26.9

The following assumptions have also been made:

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

The fair value of the pension scheme assets attributable to the Grants Committee at 31 March 2019:

	At 31 March 2019		At 31 March 2018	
	£000	%	£000	%
Equities	1,282	55%	1,640	61%
Target return portfolio	592	25%	601	22%
Infrastructure	132	6%	117	4%
Property	209	9%	193	7%
Cash	108	5%	131	5%
	2,323	100%	2,682	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code. Under the Liability Driven Investment (LDI), RPI swaps are used to hedge 25% of the Funds cashflow liability against inflation.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Fair value of employer assets	2,323	2,682
Present value of scheme liabilities	(3,409)	(4,105)
Net Liability	(1,086)	(1,423)
Present value of unfunded liabilities	(3)	(4)
Net Liability in Balance Sheet	(1,089)	(1,427)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Service cost	96	89
Net interest on the defined liability	29	42
Administration expenses	3	3
Total	128	134

The reconciliation of the Defined Benefit Obligation at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Defined Benefit Obligation	(4,109)	(4,288)
Current service cost	(73)	(89)
Interest cost	(83)	(114)
Change in financial assumptions	(175)	134
Change in demographic assumptions	174	-
Estimated benefits paid net of transfers	86	76
Past service costs including curtailments	(24)	-
Contributions by scheme participants	(17)	(20)
Adjustment arising from apportionment of pension liability	809	192
Closing Defined Benefit Obligation	(3,412)	(4,109)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Fair Value of Employer's Assets	2,682	2,690
Interest on assets	54	72
Return on assets less interest	158	71
Administration expenses	(3)	(3)
Contributions by employer	27	31
Contributions by scheme participants	17	20
Estimated benefits paid plus unfunded net of transfers in	(86)	(76)
Adjustment arising from apportionment of pension liability	(526)	(123)
Closing Fair Value of Employer's Assets	2,323	2,682

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

10. Pensions (continued)

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

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,341	3,412	3,485
Projected service cost	73	75	76
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	3,419	3,412	3,406
Projected service cost	75	75	75
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,479	3,412	3,347
Projected service cost	76	75	73
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	3,531	3,412	3,297
Projected service cost	77	75	72

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Return on plan assets less interest	158	71
Change in financial assumptions	(175)	134
Change in demographic assumptions	174	-
Adjustment arising from apportionment of pension liability	283	69
Re-measurements	440	274

The projections for the year to 31 March 2020 is as follows:

	2019/20
	£000
Service cost	75
Net interest on the defined liability	26
Administration expenses	3
Total	104
Employers contribution	26

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Capital Commitments

There are no contractual commitments for expenditure on Property, Plant and Equipment or Intangible Assets.

12. Short Term Debtors

	31 March 2019	31 March 2018
	£000	£000
Amounts owed by member boroughs	-	96
Payments in advance	419	1,025
Other debtors	858	319
Total	1,277	1,440

13. Cash and Cash Equivalents

	31 March 2019	31 March 2018
	£000	£000
Cash balances held by the City of London	983	1,556
Total	983	1,556

14. Short Term Creditors

	31 March 2019	31 March 2018
	£000	£000
Amounts owed to member boroughs	(209)	(512)
Accruals	(9)	(16)
Other creditors	-	(37)
Total	(218)	(565)

15. Financial Instruments

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

Financial assets:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	2,260	3,193
Total financial assets	2,260	3,193
Non-financial assets	-	4
Total assets	2,260	3,197

Financial liabilities:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	(209)	(553)
Total financial liabilities	(209)	(553)
Non-financial liabilities	(1,098)	(1,439)
Total liabilities	(1,307)	(1,992)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

16. Unusable Reserves

	31 March 2019	31 March 2018
	£000	£000
Pensions Reserve	(1,089)	(1,427)
Accumulated Absences Reserve	(9)	(12)
Total	(1,098)	(1,439)

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.

	2018/19		2017/18	
	£000	£000	£000	£000
Balance at 1 April		(1,427)		(1,598)
Actuarial gain/(loss) on pension assets and liabilities		440		274
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	(129)		(134)	
Employer's pensions contribution and direct payments to pensioners payable in the year	27	(102)	31	(103)
Balance at 31 March		(1,089)		(1,427)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

16. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2018/19 £000	£000	2017/18 £000	£000
Balance at 1 April		(12)		(8)
Settlement or cancellation of accrual made at the end of the preceding year	12		8	
Amounts accrued at the end of the current year	(9)		(12)	
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		3		(4)
Balance at 31 March		(9)		(12)

17. Cash Flow Statement – Operating Activities

	2018/19 £000	£000	2017/18 £000	£000
(Deficit)/Surplus on Provision of Services		(491)		318
Adjusted for:				
Current service cost adjustment	73		61	
Net loss on pension scheme assets/liabilities	29		42	
Decrease in debtors	163		(531)	
Decrease in creditors	(347)		(622)	
Adjustments for non-cash movements		(82)		(1,050)
Interest and Investment Income	(15)		(13)	
Adjustments for investing and financing activities		(15)		(13)
Net cash flows from Operating Activities		(588)		(745)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

18. Cash Flow Statement – Investing Activities

	2018/19	2017/18
	£000	£000
Interest and Investment Income	15	13
Total	15	13

19. Members' Allowances

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

	2018/19	2017/18
	£000	£000
Members Allowances	16	17

20. Officers' Remuneration

There are no employees whose remuneration (including termination payments but excluding employer's pension contributions) was £50,000 or more (2017/18: Nil).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

20. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Grants Committee are as follows:

- Director, Corporate Governance – 5% (2017/18: 5%)
- Strategic Director, Young People Education and Skills, Community Services and Grants – 4% (2017/18: 14%)
- Director, Communications – 11% (2017/18: 11%)

Senior officers remuneration during 2018/19

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Director – Corporate Governance	5,170	-	620	5,791
Strategic Director, Young People Education and Skills, Community Services and Grants	3,901	-	468	4,370
Director, Communications	11,375	-	1,365	12,739
Total	20,446	-	2,453	22,900

Senior officers remuneration during 2017/18

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Director – Corporate Governance	5,069	-	608	5,677
Strategic Director, Young People Education and Skills, Community Services and Grants	12,984	-	1,558	14,542
Director, Communications	11,151	-	1,338	12,489
Total	29,204	-	3,504	32,708

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

21. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2018/19 (2017/18: £9,000).

22. External Audit Costs

The Committee incurred the following amounts in relation to the audit of the Statement of Accounts:

	2018/19 £000	2017/18 £000
Fees payable in respect of the audit of the Statement of Accounts:		
Fees payable to KPMG LLP	4	2
	4	2

23. Related Parties

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

Member Boroughs

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' and Grants Committees. The total value of income from subscriptions recognised in the Comprehensive Income and Expenditure Statement from member boroughs during 2018/19 was £6.971 million (2017/18: £7.579 million). On 31 March 2019, there were no debtor balances owed by member boroughs (2017/18: £96,000) and the value of creditor balances owed to member boroughs (including receipts in advance) was £209,000 (2017/18: £512,000).

24. Grant Commitments

The value of commitments in 2019/20 is £6.275 million. Included within these amounts is £102,000 in respect of the European Social Fund (ESF) Co-Financing Programme. The Committee will receive a contribution of £51,000 from ESF which represents 50% of the total grant expenditure under the co-financing programme.

25. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils. A copy of the consolidated accounts for 2017/18 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

26. Segmental Reporting

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

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

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

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

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

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

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

Financial Instrument

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

Financial Liability

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

Fixed Assets

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

Historical Cost

This is the cost deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

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

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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

**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE**

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2019

LONDON COUNCILS - TRANSPORT AND ENVIRONMENT COMMITTEE

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

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

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

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

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

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

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

Mobility

Around 1.19 million older and disabled London residents hold a Freedom Pass, giving free travel on almost all of London's public transport. London Councils is responsible for managing the Freedom Pass scheme on behalf of the London local authorities.

On behalf of TEC during 2018/19 London Councils:

- Negotiated the Freedom Pass annual settlements with TfL, and other bus operators, achieving another consecutive annual cost reduction.
- Calculated and agreed the apportionment of Freedom Pass costs to boroughs.
- Secured and returned to boroughs £150K of compensation from rail operators for severe disruption to rail services in previous year.
- Agreed with TfL the implications of the opening of the Elizabeth line in terms of acceptance of passes outside of London.
- Managed the implications of the delays to the Elizabeth Line on the scheme settlement and apportionment.
- Considered and agreed the implications of the introduction of Demand Responsive Transport services, supporting TfL in the development of their trial schemes.
- Completed the mid-term review of passholders whose passes expire in 2021 to check continued eligibility for the scheme and avoid costs.
- Developed and agreed the business case for annual eligibility reviews to reduce fraudulent use and costs.
- Continued to review customer service provision and made progress in delivering more channel shift towards digital and online services, including:
 - conducting the mid-term eligibility review online for the first time; and
 - Progressing the development of the Disabled Person application portal (completion in April 2019)
- Completed three National Fraud Initiative reviews to identify deceased members in order to cancel their cards to prevent fraudulent use by others (an increase from two completed in previous years).
- Introduced the agreed increase in the replacement fee from £10 to £12 for lost and damaged passes.
- Managed the renewal of approximately 47,000 2019 expiry passes.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Concluded negotiations for the 2019/20 settlement with RDG, achieving a fair deal that reflects current travel trends.
- Continued the development and improvement of our online service.

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

On behalf of TEC during 2018/19, London Councils has:

- Jointly procured with TfL's Dial-a-Ride service a new taxi service provider contract, delivering some greater future funding certainty through a three-year framework contract.
- Started the new contract with the taxi service supplier, introducing service improvements for card holders, including fixed maximum pricing for all journeys and new driver/customer service training standards.
- Achieved significant potential savings through new contract and subsequently agreed new funding arrangement with TfL.
- Developed further co-ordination of Taxicard and Dial-a-Ride schemes with TfL, including joint performance monitoring and reporting and a common approach for complaints handling. A single application process and joint on-line portal was considered but ruled out at this time.
- Started development of a new online application portal and process.
- Conducted a review of the Taxicard eligibility criteria with boroughs to achieve greater consistency and clarity for users.
- Continued to improve and enhance customer care, through use of new customer care charter, staff development and new contractor complaints process.
- Completed regular reviews of usage, cancelling cards following 2 Years of inactivity.
- Worked with TfL on their Assisted Travel Budget pilot schemes.
- Continued to work with TfL on their Assisted Travel Budget pilot schemes.

Parking and Traffic

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

In 2018/19 on behalf of TEC, London Councils has:

- Continued to manage the London Lorry Control Scheme, issuing permits and enforcing to ensure compliance.
- Continued to implement the scheme review recommendations, including:

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- producing a detailed action plan, which will be updated and developed during 2019/20
- providing a new haulier online portal to allow hauliers to interact with us and the scheme in a more effective and efficient way
- extending the permission lifespan from 3 to 5 years to reduce administrative burdens on the industry
- developing a comprehensive Communications Strategy and Plan
- improving scheme monitoring arrangements
- planning and arranging an ANPR enforcement pilot
- developed and published a fully interactive zoomable map on the scheme website
- Reviewed the scheme traffic order to bring Barnet back into the scheme and have progressed discussions with Barnet to implement the necessary changes.
- Worked closely with TfL on the development of the Direct Vision Standard Scheme to improve lorry safety and the proposal to introduce this new initiative with an amendment to the London Lorry Control Scheme order.
- Utilised the new data base management system to improve performance monitoring and reporting.
- Extended the enforcement service contract.
- Recruited specialist support to manage outstanding and long-term aspects of the review.

More broadly, London Councils has helped deliver effective and consistent traffic and parking policies and operations in London on behalf of TEC during 2018/19:

- Provided day-to-day advice and support to boroughs on a range of traffic and parking policy and enforcement issues and hosted borough forums, including the Parking Managers Seminar.
- Represented borough interests at relevant events, groups and forums, including:
 - London Freight Forum and Freight Forum Steering Group
 - London Technical Advisors Group (LoTAG)
 - NESTA's Flying High Challenge, investigating use cases for Drones in London
 - TfL's Lane Rental Governance Committee
 - Local Authority Partnership
 - British Parking Association (BPA) Council and Local Authority Special Interest Group
 - London Tourist Coach Action Plan Group
 - London Automotive Forum
 - TfL's Direct Vision Standard Project Board
 - London RoadLab Project
 - Parkex
- Reviewed and updated the parking contravention codes list.
- Worked with the BPA, on the 'Positive Parking Agenda' to improve public awareness of the benefits of effective parking management in making the capital's roads safer, more accessible and cleaner.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Published research on the Benefits of Parking management in London.
- Provided debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Agreed the apportionment of traffic signal and control equipment maintenance costs to boroughs.
- Collated, analysed and published London-wide traffic and parking enforcement and appeals statistics.
- Progressed work to review the enforcement of speed limits in London, exploring the possibility of greater powers and responsibilities for boroughs and TfL to improve compliance and road safety.

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

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

On behalf of TEC, in 2018/19 London Councils has:

- Continued to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Commenced a review of practices and processes to ensure the service is delivered as effectively and efficiently as possible, including:
 - a survey sent to all boroughs and HEB stakeholders;
 - Holding Borough Officer Liaison Group (BOLG) meetings to discuss survey results and review options.

London Tribunals

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

On behalf of TEC, in 2018/19 London Councils has:

- Continued to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators.
- Continued to deliver year on year savings to boroughs reducing the costs of running ETA.
- Delivered significant measurable service improvements, including 90% in-house efficiency improvements to the ETA statutory declaration and witness statement processes, which also delivered direct benefits to borough enforcement teams.
- Started preparation for changes necessary to hear appeals against the new ULEZ scheme.
- Completed groundwork for the electronic transfer and communication of all appeals with enforcement authorities.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Progressed a discovery project with adjudicators to deliver further service enhancements.
- Reviewed and improved take-up of online appeals.

The London European Partnership for Transport (LEPT)

The London European Partnership for Transport (LEPT) helps boroughs access European funding for transport projects. In 2018/19 we have:

- Continued to monitor European funding and knowledge exchange opportunities, and briefing Boroughs accordingly.
- Completed a review of the future of LEPT in light of Brexit, involving borough consultation and, after a positive response and TEC approval, secured TfL funding for a further 1 to 2 years.
- Provided promotional services for boroughs and raised awareness of London best practice and current EU transport projects.
- Represented London boroughs on the POLIS management committee.
- Continued to harness the benefits of the POLIS network and other European forums (e.g. CIVITAS, ECF, ELTIS, Velo-City, EPOMM) developing stakeholder contacts for use in bidding consortia and best practice provision to boroughs.
- Attended sub regional partnership panels and meetings in order to analyse borough and sub-regional priorities and linked with EU project, best practice and funding opportunities.
- Improved communications and networks for the promotion of LEPT activities.
- Started looking at non-EU funding opportunities to support LEPT policy areas and projects.

Cross-Cutting Service Priorities

In 2018/19, we focussed on the following cross-cutting priorities across all service areas:

- Data protection, including completing a review all services and data assets in light of the new General Data Protection Regulation (GDPR), which came into force on 25 May 2018.
- Better use and sharing of data to achieve service enhancements and efficiencies, including:
 - standardisation of reports and reporting processes internally
 - some progress with sharing data with external bodies (boroughs)
 - better information sharing between ETA and TPT, the national appeals tribunal
 - Use of data cleansing through Experian for Freedom Pass mid-term review
- Customer service excellence, including continual review and improvement of all public facing services. Examples of key achievements include:
 - London Lorry Control Scheme – communication, system and service improvements welcomed by the freight sector

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Taxicard – New contract improvements delivering considerable customer service enhancements, including a new door to door service, enhanced training for drivers, fixed pricing for users, contractor complaint handling and internal administrative improvements
- London Tribunals – Completed adjudicator survey, started service discovery project, reissued process flows, updated website and online appeal system, electronic statutory declaration and witness statement process, engagement meetings with enforcement authorities, customer satisfaction surveys through call centre and KPIs show significant measurable improvements in customer service
- Freedom Pass - Achieved 75% online renewals – up 5% from first time in 2015 and customer satisfaction levels remain high

Transport and Environment Policy

The Committee considered and progressed a range of significant policy issues for the boroughs, including:

Environment Policy:

In 2018/19 we have:

- Launched the third consecutive year of air quality polling on Clean Air Day, resulting in much positive press coverage and much interest from a wide range of stakeholders.
- Undertook a more co-ordinated effort to communicate all the activities that took place as part of Clean Air Day in London.
- London Councils TEC agreed a number of principles for a new Clean Air Act and attended the Clean Air Summit with other metro mayors and Defra SoS.
- Worked closely with the City of London on specific air quality legislation.
- Worked jointly with the GLA where possible to influence government's Environment Act, which includes a section on air quality.
- Supported TfL in the introduction of the ULEZ through closer workings with borough heads of communications.
- Continued the delivery of the Go Ultra Low Cities Scheme (GULCS) to roll out electric vehicle charge points with extensive borough engagement activities, such as:
 - Borough engagement event on the imminent launch of the framework;
 - Borough peer to peer learning events;
 - Procurement workshops after the framework went live;
 - Procurement Framework Supplier Showcase event for boroughs; and

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Stand at London Councils Summit.
- GULCS Procurement Framework live and available for boroughs to use, with currently over 1,100 slow and fast chargers installed on borough roads.
- Published paper in Institution of Civil Engineer (ICE) Journal and made a video promoting it.
- Provided a number of supporting documents and templates, such as the GULCS Financial Evaluation Procurement Templates and the first of its kind electrical guidance for installing EV infrastructure.
- Represented London boroughs at the EV Infrastructure Taskforce.
- Set up a London Councils TEC Rapid Charging sub-group with a supporting group of officers, which identified over 500 sites for rapid charging infrastructure.
- Through LEDNet, 11 boroughs are taking part in the Sharing Cities project led by the GLA, funded by the EU and looking to introduce smart lamppost in participating boroughs.
- Published, through LEDNet and Keep Britain Tidy, research on flytipping behaviour.
- Submitted, through LEDNet, response to the Treasury single use plastics consultation.
- Co-ordinated London's local government contribution to the Resources and Waste Strategy.
- Held the first strategic meeting between London Councils TEC and LEDNet.
- Initiated a more formal relationship between London Councils TEC and LWARB through regular meetings between the two chairs.
- Continued to support the Thames Flood Advisors to ensure they provide a relevant, efficient and sustainable service to local authorities.
- Continued to work with the flooding sub-regions to enable more effective and efficient partnership arrangements.
- Continued to work jointly with the Thames RFCC including the Environment Agency and Thames Water on flood related issues.
- Supported the London Councils resilience team in Brexit planning, particularly around waste management but also wider environmental issues for the longer term.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

In addition, we responded to the following consultations:

- Defra environmental watchdog;
- Defra clean air strategy;
- Defra cleaner fuels for domestic burning;
- DfT community transport;
- TfL improving safety in PHVs;
- TfL changes to the Congestion Charge Zone;
- TfL Central London Bus Review;
- Defra proposal to ban plastic straws, buds and stirrers (LEDNet);
- Treasury single use plastics consultation (LEDNet); and
- Defra Select Committee on draft Environment (Principles and Governance) Bill.

Transport Policy

In 2018/19, London Councils has:

- Engaged with TfL and borough finance directors to scrutinise and better understand the TfL business planning process. This has resulted in better understanding of both parties' positions and improved information flow between TfL and boroughs. Several principles were established, such as no further reduction in the formula funded element of Local Implementation Plans (LIP), enabling boroughs to carry forward funding and establishing fruitful dialog early on when problems arise.
- Lobbied the Mayor for a top up of LIP funding from his budget.
- Improved its relationship with the London Technical Advisory Group and utilised this more effectively in London Councils lobbying efforts.
- Used a number of parliamentary question opportunities to raise awareness of the funding pressures faced by London's highway assets and pressed for additional funding, such as devolution of VED.
- Continued working with the LIP borough working group and published, jointly with TfL, LIP guidance, a LIP template and much improved data packs, enabling boroughs to complete their third LIP much more efficiently than in previous years.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Established the principle of setting up task and finish groups to deal with aspects of future mobility, such as shared mobility, autonomous vehicles, smart mobility and demand responsive transport.
- Established, jointly with TfL, the principle of undertaking a London-wide Byelaw to restrict the parking for dockless bicycles and improve the powers available to London's local authorities to enforce against rogue operators.
- Lobbied successfully against the Automated and Electric Vehicles Bill Amendments tabled by the GLA, asking for PDR for electric vehicle infrastructure.
- Wrote to the SoS for Transport demanding a swift solution and compensation to the areas in London most affected by the rail strikes and disruptions.
- Worked with TfL to ensure boroughs are sufficiently and timely informed of revisions to the bus network affecting their areas and their views taken into consideration when finalising any changes. Responded to the central London bus network reconfiguration consultation.
- Continue to press TfL to engage earlier and more meaningful in any action plan coming out of the Mayors Transport Strategy and had engagement with TEC Executive on the Vision Zero, Walking and Cycling Action Plans.
- Pressed the Deputy Mayor and Mayor to establish a borough advisory role on the TfL Board.
- Continued engagement with the Wider South East through a Political Steering Group and Officer Working Group.
- Jointly with GLA, SEEC and EELGA organised the third Wider South East Summit.
- Had meetings with the Housing and Transport SoS to talk about the barriers to housing delivery and barriers to 13 jointly agreed strategic transport priorities for the Wider South East.

Looking forward to 2019/20

This year the future priorities have been considered in the context of the recently published "Pledges to Londoners", which were agreed by the Leaders Committee. The following lists the pledges, which are within the TEC portfolio:

- Support the promotion of a new Clean Air Act and the introduction of ULEZ across much of London to protect Londoners from harmful polluted air.
- Deliver at least 2500 charging points for electric vehicles by 2022, including the option for 20 rapid charge points in each borough.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Work towards including a target of one tree for every Londoner in our local plans. Hold TfL to account for improving the bus route network in every London borough.
- Lobby for improved certainty and levels of local road funding through TfL's LIP process.
- Press for London borough representation on the TfL Board.
- Create, cost and lobby for a programme of local transport infrastructure delivery; addressing enhanced connectivity, platform extensions and related responses to growing demand.
- Lobby for the delivery of major transport investment including CR2, HS2, Euston redevelopment, Bakerloo Line extension, West London Orbital and Tram network.
- Work to agree new forms of London borough influence on the specification, management and award of rail franchises so that the borough voice is at the heart of commissioning; and argue for further devolution to London.
- Lobby for fiscal devolution of transport taxes including a proportion of VED to help fund highway maintenance, and new fiscal levers to unlock home building.

The delivery of these pledges will be overseen by TEC. They reflect shared pan-London priorities for Leaders over the next three years but the list does not reflect the entirety of TEC's workplan for this period. TEC has also a wide range of policy, project and service delivery responsibilities described in detail within this report.

Environment Policy

Within environment policy, London Councils has concentrated on three main themes;

- Air Quality;
- Waste; and
- Flooding/climate change.

From discussions with borough members and officers, these three policy areas remain the right priorities going forward. From central government, we are expecting an Environment Bill with an emphasis on air quality and several consultations resulting from the principles published in the Resources and Waste Strategy in December 2018.

Hence, London Councils will continue to work with boroughs to increase the funding and powers available to them to address poor air quality in London, create a more efficient waste service that continues to deliver for Londoners and reduces the risk of flooding, exasperated through climate change, to London's communities and infrastructure.

This will be achieved through strengthening of the sub-regional partnerships that exist in all these areas, to enable more effective collaboration at this level as well as improved teaming up of existing stakeholders, such as LEDNet, LWARB, Thames RFCC, LoDEG, the Environment Agency, Thames Flood Advisors and Thames Water.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

On behalf of TEC, London Councils will:

- Undertake joint lobbying with a variety of stakeholders, such as the City of London, GLA, Client Earth and others as appropriate, on air quality legislation that results in cleaner air for residents and is fit for purpose.
- More actively support Clean Air Day to galvanise public opinion on this important issue for London.
- Undertake further air quality polling.
- Continue to work with heads of communication and colleagues at TfL and GLA on improved communications with residents and businesses about the introduction of the extended ULEZ in 2020.
- Work with boroughs that are dissected by the extended ULEZ boundary to agree the best way forward for its introduction.
- Continue to implement the GULCS scheme with participating boroughs.
- Develop phase 2 of GULCS, creating a 'one stop shop' for residents as well as further joint delivery if supported by boroughs.
- Establish tree baseline figure for each borough and agree through TEC that boroughs should aim for having one tree for each resident. Officers to monitor progress annually.
- Encourage boroughs to take up the Grants available through 'Greener City Fund' from the Mayor.
- Continue to strengthen the sub-regional strategic flooding partnerships to achieve self-sufficiency and reduce the amount of support required from London Councils officers.
- Continue to strengthen the partnership between London Councils TEC and the Thames RFCC as well as the Environment Agency and Thames Water.
- Work closely with LWARB and LEDNet to improve recycling rates and reduce littering and fly-tipping in London.
- Continue to work with Defra, the LGA, LEDNet and ADEPT as well as LWARB and GLA to ensure that the implementation of the Resources and Waste Strategy does not increase the burden on London's local authorities and respects the different needs of different localities.
- Continue the support of the London Councils resilience team around any Brexit related policies in this area.

Transport Policy

The specific key policy drivers within transport are the cuts in Local Implementation Plan funding announced by TfL in 2017, the delay to and increasing cost of the Elizabeth Line and the ambitious transport strategy published in the summer of 2018.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Similarly, to the environmental policy agenda, London Councils key priorities are therefore to increase the funding and powers available to London local authorities to fulfil their role as Highway authorities as well as implementing some key strategic and local transport infrastructure. Within this policy area, London Councils is also working closely with TfL and GLA colleagues to achieve the best outcome for London's local authorities on TfL run services, such as buses, the tube and rail network. London Councils TEC supports the Vision Zero agenda and agrees with the healthy streets approach and the priority given in the Mayors Transport Strategy to encourage more active ways to travel. The Committee has also expressed the wish to be more proactive in the future mobility agenda.

This will be achieved through continuing to build the relationship with finance directors at TfL, further lobbying of government and improved collaborative working with the Wider South East as well as DfT and the Treasury. London Councils TEC will continue to encourage authorities to collaborate where it is effective and efficient to do so and reach an informed and influential view on new transport initiatives, such as shared transport, smart mobility, autonomous vehicles and demand responsive initiatives.

In 2019/20, we will:

- Support the strategic review of the bus network by TfL, whilst ensuring that it complements the overall mode shift target within the Mayors Transport Strategy and boroughs are actively engaged and their views considered.
- Continue to engage with TfL and the GLA and make further use of the existing borough groupings, such as LoTAG (London Technical Advisory Groups) to establish an evidence base showing the value of LIPs funding to the boroughs and the achievement of the goals in the Mayors Transport Strategy.
- Ensure that LIP funding is maintained in this increasingly tough financial climate for TfL and that the review of the Corridor formula of LIP funding is fair and takes boroughs' views into account.
- Continue to make the case for borough representation on the TfL board and communicate this using all our existing channels.
- Through engagement with boroughs, establish a business case and media interventions for local transport delivery required to support London's growth.
- Strengthen the sub-regional strategic partnerships by helping boroughs to collaborate more effectively on sub-regional schemes, such as cycle ways and bus routes that do not respect administrative boundaries.
- Deliver new research and media interventions to support financing next steps for London's strategic infrastructure schemes e.g. Crossrail Extension to Ebbsfleet, the Bakerloo Line Extension and the West London Orbital Railway.
- Deliver public reports on London's rail needs and develop a better system that allows enough London borough influence in any rail franchising undertaken by central government. Work closely with TfL and the GLA on further devolution of certain rail lines to TfL.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Engage with boroughs to ensure that they become more engaged in the work of the Wider South East partnership and so work more effectively with authorities outside London and the sub-national transport bodies to ensure that some of the strategic transport projects for London are delivered.
- Re-visit, jointly with relevant partners, particularly TfL and GLA the debate on funding strategic transport infrastructure in London, given the delay and cost increases of the Elizabeth Line and the knock-on effects this will have funding other infrastructure.
- Develop and implement a lobbying plan for central government for more sustainable funding of highway maintenance, including the devolution of transport taxes, such as a proportion of VED. Work with other stakeholders on this as relevant and appropriate.
- Undertake a programme of task and finish groups on the future mobility agenda, starting with car sharing and then covering areas such as Smart Mobility, demand responsive initiatives and autonomous transport.

The Freedom Pass team will be:

- Negotiating the Freedom Pass annual settlements with TfL, RDG and other bus operators.
- Calculating and agreeing the apportionment of Freedom Pass costs to boroughs.
- Negotiating and agreeing the future Freedom Pass costs of the full opening of the Elizabeth line.
- Monitoring TfL's trials of Demand Responsive Transport services and consider implications for the Freedom Pass scheme.
- Completing the mid-term review of passholders issued with 2022 passes to check continued eligibility for the scheme and avoid costs.
- Completing three National Fraud Initiative reviews to cancel deceased members' cards to prevent fraudulent use by others.
- Planning and executing the major renewal exercise for approximately 750,000 passes expiring in 2020.
- Introducing a new cost-effective way of renewing passes, involving more upfront data cleansing to minimise written correspondence and reduce customer contact centre interactions.
- Developing and launching an online portal for disabled person Freedom Pass applications.
- Completing the development of a new upgraded online Case Management System (CMS).
- Negotiating and agreeing a new journey-based model and approach for the RDG settlement.
- Introducing improvements for fraud monitoring and detection for application processing, working with Oxford City Council who are leading on this area of work nationally.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The Taxicard team will be

- Seeking a longer-term funding agreement with TfL.
- Developing and implementing a new online Taxicard application portal and process, with a more consistent approach across all boroughs and maximising the efficiencies through greater data sharing.
- Completing further work to review the Taxicard eligibility criteria with boroughs (who are responsible for setting local criteria) to achieve further consistency and clarity for users alongside the new application portal development.
- Continuing to implement, monitor and review new contract improvements and changes.
- Completing the new Taxicard CMS development and implementation and possible integration with Freedom Pass system.
- Increasing channel shift to online applications and processing to save cost and deliver service improvements.

For the London Lorry Control Scheme, we will be:

- Continuing to manage the London Lorry Control Scheme, issuing permissions and enforcing to ensure compliance.
- Continuing to implement the scheme review recommendations, including:
 - monitoring of the ANPR enforcement pilot and consideration of wider roll out
 - a comprehensive signing review
 - reviewing and amending the Excluded Route Network (ERN)
 - researching potential changes to weight limit/hours and exemptions
 - considering the provision of an online routing tool
- Working with TfL to implement the new Direct Vision Standard Scheme.
- Working with Barnet to amend the traffic order and bring them back into the scheme.
- Planning for retendering of the enforcement contract in light of changes resulting from the scheme review.
- Introducing an Electronic Appeals Process with London Tribunals
- Seeking agreement from Hillingdon, Redbridge and Havering to reintroduce London-wide Enforcement.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

On traffic and parking policies and operations, we will be:

- Continuing to provide highly valued advice and support to boroughs and represent their interests at relevant forums and meetings, including hosting the Parking Managers Seminar.
- Holding Traffic Control Liaison Committee meetings between TfL and boroughs as necessary, to review the formula for apportioning borough traffic signal costs and ensure boroughs are informed early of the apportionment amounts before agreement by TEC.
- Reviewing and updating the parking contravention codes list as necessary.
- Continuing to provide debt registration services with the Traffic Enforcement Centre for the majority of London boroughs.
- Reacting quickly to any new policy or legislative proposals, ensuring that boroughs are consulted and proactively lobbying for change where necessary.
- Collating, analysing and publishing London-wide enforcement and appeals statistics.
- Continuing to work with the BPA and DfT regarding consistent open parking data standards and reform/digitisation of Traffic Regulation Orders.
- Publishing a Borough CCTV enforcement Code of Practice.
- Updating the Civil enforcement Officer Handbook as necessary.
- Continuing to support the Positive Parking Agenda and progressing a positive parking communications campaign.
- Developing and issuing Red Route policy advice to boroughs.
- Reviewing policy advice on the use of bus lanes by Ambulances and Immigration Services.
- Continuing to work with TfL on the implementation of the Direct Vision Standard project.

On managing the Health Emergency Badge scheme, we will be:

- Continuing to operate the London Health Emergency Badge scheme, issuing parking waivers to eligible health workers to use in emergency situations.
- Completing the review of practices and processes to ensure the service is delivered as effectively and efficiently as possible, including consideration of:
 - Fraud and misuse;
 - Application processing and eligibility criteria;
 - Permits (virtual Vs physical);
 - Costs and potential efficiencies;
 - Technological applications;
 - Communications and promotion;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Establishing and holding stakeholder working groups to support the review process.

On the TRACE service, we will be:

- Helping to ensure consistency of approach by all boroughs and their operators to improve accuracy and efficiency of the service.
- Continuing to improve monitoring and reporting of performance data to seek further service improvements.
- Continuing to promote the online service over the phone service.
- Working with non-borough organisations to capture removal data from other organisations such as event organisers and removal of abandoned vehicles.
- Considering the introduction of customer feedback reviews to help service improvement.

In 2019/20 the LEPT service will be:

- Continuing to monitor European and other funding and knowledge exchange opportunities, and briefing Boroughs accordingly.
- Attending EU Working Group meetings on issues key to boroughs and the Mayor's Transport Strategy, feeding back good practice and knowledge sharing opportunities.
- Setting up a Borough (or Sub Regional) European study tour.
- Publishing policy briefings on issues of particular interest to boroughs (e.g. air quality, safety, electric vehicle charging) that would outline London's position for a European audience/project partners.
- Closer collaborative work with TfL on funding opportunities.
- Continuing to review and improve the LEPT website and the information held.
- Assessing the feasibility of working with private sector project partners, to attract additional funding.

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

- Continuing to provide the administrative support and infrastructure to the Environment and Traffic Adjudicators and Road User Charging Adjudicators.
- Monitoring and reviewing systems and processes, implementing improvements and enhancements where necessary and providing training and support accordingly.
- Promoting greater levels of channel shift to fully electronic online appeals submission and processing.
- Completing preparations for the introduction of the ULEZ scheme and appeals, including the recruitment and training of additional administrative and customer service staff.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

The following cross-cutting priorities will apply to all TEC services in the current year:

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

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

The Director of Corporate Resources has pleasure in presenting the accounts for 2018/19. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 22)
- Expenditure and Funding Analysis (page 32)
- Comprehensive Income and Expenditure Statement (page 33);
- Movement in Reserves Statement (page 34);
- Balance Sheet (page 35);
- Cash Flow Statement (page 36); and
- Notes to the Accounts (page 37 - 65).

Revenue expenditure

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

	Budget £000	Actual £000	Variation £000
Expenditure	45,125	44,460	(665)
Income	(44,706)	(45,370)	(664)
Interest income and expenditure	-	356	356
Deficit/(Surplus) for the year	419	(554)	(973)
Transfer from/to Reserves	(419)	(881)	(462)
Surplus for the year including transfer from reserves	-	(1,435)	(1,435)

A surplus on revenue activities of £554,000 has been posted for 2018/19 which, after a net transfer of £881,000 from reserves has led to an overall surplus after net transfers from reserves of £1.435 million. The surplus is due to:

- **Freedom Pass non-TfL bus services (-£501,000)**

In December 2017, TEC approved a budgetary provision of £1.5 million for 2018/19 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of £1.3 million based on mid-year 2017/18 data plus a £200,000 contingency to cover potential new bus operators joining the scheme. Claims from operators amounting to £999,000 have been received and accepted for 2018/19, which has led to an underspend of £501,000, or 33%. This is broadly attributable to the following:

- a 13% fall in journey volumes largely as a result of the eligible age increase which has reduced the number of younger pass holders traveling longer distances;

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- a 4% reduction in the projected average trip fare from £3.61 to an actual unit fare of £3.47; and
- £200,000 or 13% underspend in relation to the contingency budget for potential additional operators not being fully utilised.

- **Net Freedom Pass survey and issue costs (-£302,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. For 2018/19, it also covered the cost of the mid-term review of pass eligibility. Total expenditure for 2018/19 was £1.529 million, of which £191,000 was spent on the mid-term review, leading to an overspend of £11,000. This slight overspend was in part due to a number of changes to the way the review was communicated compared to the previous mid-term reviews such as a higher calls to letters sent ratio, which should lead to savings in future periods. In addition, a sum of £1.029 million was collected during 2018/19 in respect of replacement Freedom Passes, £345,000 in excess of the £684,000 budgetary provision, which reduces by £32,000 to £313,000 once bank charges are taken into account. In net terms, therefore, there was a surplus of £302,000, which, in accordance with approved TEC practice, will be transferred from the provisional surplus to the specific reserve created to fund the full 2020 freedom pass renewal process.

- **Traded Services (-£167,000)**

The net surplus position of £176,000 is made up of a number of elements, which are regularly reviewed by TEC during the year. These are listed below:

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

- A provisional overspend of £1.372 million for increased payments to Northampton County Court, which is a borough demand led service for the registration of persistent non-payers of parking PCN's in the County Court at £7 per time. The costs are fully recovered from boroughs, leading to a compensating increased level of income collected for the year.
- Expenditure on congestion charging appeals is estimated to be £402,000, £49,000 more than the budgetary provision of £353,000. The number of appeals represented by corresponding financial transactions posted in the accounts during the year was 9,644, which is 1,844 more than the budgeted figure of 7,800. The throughput of appeals was calculated at 1.93 appeals per hour, compared to 2.37 per hour for 2017/18. However, as the cost of these appeals is recharged to the GLA/TfL at full cost, there was a corresponding increase in income due for the year of £49,000, which therefore has a zero effect on the Committee's provisional financial position for the year.

Secondly, there is a net surplus of £99,000 in respect of environmental and traffic appeals. The number of appeals and statutory declarations represented by corresponding financial transactions posted in the accounts during the year was 42,721 against a budget of 41,278, generating income of £1.189 million, £24,000 more than the budget estimate of £1.165 million. In addition, there is an underspend of £66,000 in adjudicators costs and contractor costs of £10,000. The throughput of appeals was 3.54 appeals per hour, compared 3.66 appeals per hour for 2017/18.

Thirdly, the transaction volumes for other parking systems used by boroughs and TfL continue to fluctuate overall, resulting in a projected net surplus of £68,000. On the expenditure side, this takes into account the unit pricing structure charged by Northgate and expenditure was £11,000 more than the £189,000 budget. On the income side, unit cost recharges to boroughs for 2018/19 were set by the full Committee in December 2017 and amounted to £578,000, £79,000 more than the £499,000 income target.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- **Lorry Control Administration/PCN income (-£658,000)**

The administration of the London Lorry Control Scheme underspent the budget of £793,000 by £120,000. This is attributable to an underspend on general office costs of £29,000, an overspend of central recharges and staffing related costs of £25,000 and an underspend of £116,000 in respect of the review of LLC Scheme, £86,000 of which was a carried forward budget from 2017/18. The TEC Executive Sub-Committee approved the carry forward of the underspend on the review of the LLC Scheme of £116,000 into 2019/20. Approximately £20,000 was spent in 2018/19 on the ANPR camera enforcement pilot with further developments planned for this year.

There was, however, a significant overachievement in the collection of PCN income of £721,000 above the budgetary provision of £800,000. This was due to continued effective performance of the outsourced enforcement function leading to increased transaction volumes and higher levels of debt being raised and collected. Of the £1.521 million income due for the year, £333,000 has yet to be collected and has been registered with the County Court. An impairment loss in respect of bad debts has been increased by £183,000 in respect of this outstanding amount, in accordance with usual accounting practice. This increase on the impairment loss reduces the net surplus income to £538,000 for the year.

- Residual variances of -£109,000.

Budget for 2019/20

On 6 December 2018, the full TEC Committee approved a total expenditure budget for 2019/20 of £45.507 million, exclusive of the borough payment of £320.913 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources were estimated to be £45.507 million.

The Committee has arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

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.

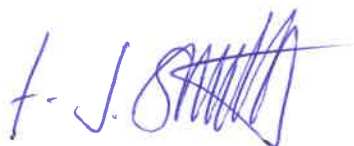
The Director of Corporate Resources' Responsibilities

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 2019 and of its income and expenditure for the year then ended.



F Smith CPFA
Director of Corporate Resources

18 September 2019

APPROVAL CERTIFICATE

At a meeting of London Councils' Audit Committee held at 59½ Southwark Street, London, SE1 0AL on 18 September 2019, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'Roger Ramsey', is positioned above the printed name.

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

18 September 2019

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at London Councils for the year ended 31 March 2019 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 which sets out its proposed purpose, themes, work programmes and services. The plan consists of two levels: a high level plan available for stakeholders and external audiences and detailed internal work plans developed for management purposes. This is informed by on-going liaison with key borough stakeholders including the Chair and all Executive portfolio holders. The Corporate Business Plan is submitted to the Leaders' Committee. In addition, the Leaders' Committee has agreed a series of pledges of which it has agreed to work together through to 2022 to try and improve the lives of Londoners. There are a number of ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs and events such as the London Councils' Summit.
- **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 produces an Annual Review at the end of each financial year which provides a summary of the key activities over the last year and highlights the key achievements. Data collected on the performance of activities and services during the year feeds into the production of a key achievements report at the year end. London Councils Corporate Management Board (CMB), the London Councils Executive and the Grants and 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 5 June 2018. 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. All London Councils officers are issued with a job description which confirms their duties within the organisation.
- **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.
- **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 5 June 2018. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 5 June 2018. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework was reviewed and approved by the Audit Committee in March 2019. London Councils Corporate Risk Register is primarily compiled from the Risk Registers for each of London Councils three Directorates. The Corporate Risk Register is reviewed in accordance with London Councils Risk Management Framework which includes an annual review by the Audit Committee and was last reviewed in September 2018. The Directorate Risk Registers are reviewed by the Audit Committee on a rolling basis. London Councils' Corporate Management Board ensures that the risk registers, both Directorate and Corporate, continue to support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

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 which was last updated in July 2016 and London Councils Policy to Combat Fraud, Bribery and Corruption, which was agreed by London Councils Audit Committee in March 2014 and reviewed in February 2016. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – • This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee¹. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer .
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms his duties within the organisation. He is subject to appraisal arrangements with Group Leaders who assess his performance against agreed objectives.
- **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 5 June 2018. 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.

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

ANNUAL GOVERNANCE STATEMENT (continued)**Review of effectiveness**

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

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Board and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The 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 2018/19.
- London Councils Corporate Management Board considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

Areas for development during 2019/20

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2019/20:

Information Management and Security

An internal audit review on Information Management and Security was completed in 2017/18. The review assessed the adequacy of controls for compliance with the Data Protection Act, staff training and awareness, disposal of sensitive and confidential data and access controls. The review revealed that there was a sound control environment in place but identified a number of areas of improvement such as enhanced password controls, restricted use of removable media devices and the creation of a disposal register which includes evidence of disposal. Some of the recommended improvements were implemented during 2018/19 with the rest completed during 2019/20.

Pan London Mobility Schemes

An internal audit review on the Pan London Mobility Schemes was completed in 2018/19. The review assessed the effectiveness of controls in operation over the management of the Freedom Pass and Taxicard schemes. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the reporting of key performance indicators, the frequency of performance monitoring meetings, checks on contractors' compliance assessments and the publishing of eligibility criteria. A number of the recommendations were implemented during 2018/19 with the rest due to be implemented in 2019/20.

ANNUAL GOVERNANCE STATEMENT (continued)**Parking and Traffic Services**

An internal audit review on the parking and traffic services was completed in 2018/19. The services include London Tribunals, TRACE (towed vehicle tracing service) and the London Lorry Control scheme. The review examined the adequacy of arrangements for contract management, payments to tribunal adjudicators and the issue of Penalty Charge Notices. The review concluded that there was an adequate control framework in place but identified some areas to improve such as the improved use of service contract points, performance reporting, process reviews, scheme permissions and checks on the adjudicators' pay claims. The recommendations will be implemented in 2019/20.

Remote Access and Mobile Devices

An internal audit review on the use of remote access and mobile devices was completed in 2018/19. The review assessed the adequacy of the internal controls for managing mobile devices and access to London Councils network through remote working. The review concluded that there was an adequate control framework in place but identified some areas to improve such as policies, procedures, guidance and security controls. A number of the recommendations have been implemented as part of London Councils' ICT transformation programme which commenced in 2018/19. The remaining recommendations will be implemented in 2019/20.

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

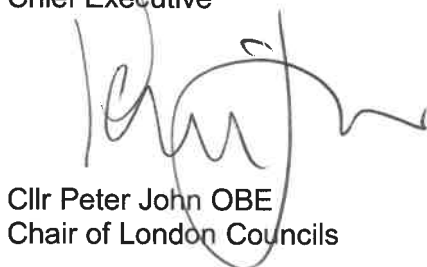
Significant governance issues

There are no significant governance issues.



John O'Brien
Chief Executive

18 September 2019



Cllr Peter John OBE
Chair of London Councils

18 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE**Opinion**

We have audited the financial statements of London Councils Transport and Environment Committee ('the Committee') for the year ended 31 March 2019 which comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2019 and of the Committee's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Committee in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Director of Corporate Resources is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Director of Corporate Resources' responsibilities

As explained more fully in the statement set out on page 22, the Director of Corporate Resources is responsible for: the preparation of the Committee's financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE (continued)**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Committee, as a body. Our audit work has been undertaken so that we might state to the members of the Committee, as a body, 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 members of the Committee, as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Hewitson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2019

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2019

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

	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
	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 (Restated)	Adjustments between the Funding and Accounting Basis £000 (Restated)	Net Expenditure in the Comprehensive Income and Expenditure Statement £000 (Restated)
Cost of Services						
Freedom Pass and Taxicard services	(949)	153	(796)	(1,091)	142	(949)
Direct Services	(1,562)	228	(1,334)	(1,502)	194	(1,308)
One off Payment to Boroughs	-	-	-	340	-	340
Cost of Services	(2,511)	381	(2,130)	(2,253)	336	(1,917)
Other Operating Expenditure	1,054	166	1,220	1,230	41	1,271
Financing and investment income and expenditure	139	217	356	(73)	256	183
Surplus on Provision of Services	(1,318)	764	(554)	(1,096)	633	(463)
Opening Usable Reserve Balance	(6,171)			(5,075)		
Surplus	(1,318)			(1,096)		
Closing Usable Reserve Balance	(7,489)			(6,171)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

	Notes	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net £000	2017/18 Gross Expenditure £000 (Restated)	2017/18 Gross Income £000 (Restated)	2017/18 Net £000 (Restated)
Cost of Services							
Freedom Pass and Taxicard services		33,422	(34,218)	(796)	33,858	(34,807)	(949)
Direct Services		9,489	(10,823)	(1,334)	9,214	(10,522)	(1,308)
One off Payment to Boroughs		-	-	-	340	-	340
Cost of Services		42,911	(45,041)	(2,130)	43,412	(45,329)	(1,917)
Other Operating Expenditure	8	1,549	(329)	1,220	1,618	(347)	1,271
Financing and investment income and expenditure	9	400	(44)	356	256	(73)	183
Surplus on Provision of Services		44,860	(45,414)	(554)	45,286	(45,749)	(463)
Re-measurement of the net defined liability	11			(1,199)			(732)
Other Comprehensive Income and Expenditure				(1,199)			(732)
Total Comprehensive Income and Expenditure				(1,753)			(1,195)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

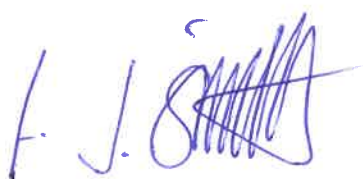
	2018/19			2017/18		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April	6,171	(8,650)	(2,479)	5,075	(8,749)	(3,674)
Total Comprehensive Income and Expenditure	554	1,199	1,735	463	732	1,195
Adjustments between accounting basis and funding basis under regulations (note 7)	764	(764)	-	633	(633)	-
Increase	1,318	435	1,735	1,096	99	1,195
Balance at 31 March	7,489	(8,215)	(726)	6,171	(8,650)	(2,479)

BALANCE SHEET AS AT 31 MARCH 2019

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

		31 March 2019	31 March 2018
	Notes	£000	£000
Property, Plant and Equipment	12	617	720
Long Term Assets		617	720
Short Term Debtors	13	6,135	4,973
Cash and Cash Equivalents	14	4,572	3,798
Current Assets		10,707	8,771
Short Term Creditors	16	(3,876)	(3,357)
Current liabilities		(3,876)	(3,357)
Other Long Term Liabilities	11	(8,174)	(8,613)
Long Term Liabilities		(8,174)	(8,613)
Net Liabilities		(726)	(2,479)
Usable Reserves	18	7,489	6,171
Unusable Reserves	20	(8,215)	(8,650)
Total Reserves		(726)	(2,479)

The notes on pages 37 to 65 form part of the accounts.



F Smith CPFA
Director of Corporate Resources

18 September 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19 £000	2017/18 £000
Net surplus on the provision of services	554	463
Adjustments to net surplus on the provision of services for non-cash movements	224	(886)
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(44)	(20)
Net cash flows from Operating Activities (note 21)	734	(443)
Investing Activities (note 22)	40	20
Net increase/(decrease) in cash and cash equivalents	774	(423)
Cash and cash equivalents at 1 April	3,798	4,221
Cash and cash equivalents at 31 March	4,572	3,798

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting Policies**a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

The Statement of Accounts has been prepared with reference to:

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

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

The accounting policies have been consistently applied.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)

b Accruals of Income and Expenditure

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

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

c Allocation of Income

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

d Cash and Cash Equivalents

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

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

Post Employment Benefits**Defined Benefit Pension Scheme**

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)

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

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 2.4% (2017/18: 2.6%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

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

Currently the Committee has no borrowings.

Financial Assets

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

i Government Grants and Contributions

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

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

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

j 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 ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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 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.

m 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.

n Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

1. Accounting Policies (continued)

Assets are initially measured at cost, comprising:

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

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

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

- Leasehold Improvements – the lower of 10 years or the remaining period left on the lease;
- Furniture and Equipment:
 - Furniture and Fittings – 5 years;
 - Computer Hardware – 3 years.

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

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

o 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.

p Value Added Tax

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

2. Restatement of Comparatives

The prior year's financial statements have been restated to reflect new disclosure requirements brought in by IFRS 9, Financial Instruments. The standard requires the movement in the impairment allowance for bad debts (previously known as the Bad Debt Provision) to be included in the Financing and Investment and Expenditure line of the Comprehensive Income and Expenditure Statement. This new treatment is consistent with the concept of debtors no longer being purely amounts due for the provision of goods and services, but having now become credit facilities to be treated like loans. Any loss from bad debts (impairment or derecognition) which are considered to relate to the provision of credit facilities would thus now be a loss of principal, rather than a non-payment for the goods/services.

The effect on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2018:

Net Surplus on Provision of Services:

	As previously stated £000	Restatement £000	As Restated £000
Direct Services	(1,307)	(1)	(1,308)
Other Operating Expenditure	1,217	54	1,271
Financing and Investment Income and Expenditure	236	(53)	183

The changes above are also reflected in the Expenditure and Funding Analysis.

The restatement has no impact on the Movement in Reserves Statement or the Balance Sheet.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) has introduced changes in accounting policies which will be required from 1 April 2019. If these had been adopted for the financial year 2018/19 there would be no material changes to the Committee's accounts as detailed below.

IAS40 Investment Property – There is an amendment to this standard to state that an entity shall transfer a property to, or from, an investment property when, and only when, there is evidence of a change in use. A change of use occurs if the property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Committee does not own any property so these amendments will not have any impact on the Committee's accounts.

Annual Improvements to IFRS Standards 2014 2016 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 IFRS 1 – *First-time Adoption of International Financial reporting Standards*, IFRS 12 – *Disclosure of Interests in Other Entities*, IAS 208 - *Investments in Associates and Joint Ventures*. These improvements will not have an impact on the Committee's accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration – This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. This interpretation is unlikely to have a material impact on the Committee's accounts due to the low number and value of foreign currency transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – This interpretation applies to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. This interpretation will not have any effect on the Committee's accounts as it is not subject on income tax.

IFRS 9 Financial Instruments – This narrow scope amendment allows financial instruments with symmetric prepayment options to qualify for amortised cost or fair value through other comprehensive income measurement because they would otherwise fail the solely payments of principal and interest condition. This amendment will not have an impact on the Committee's accounts due to the type of financial instruments held by the Committee.

In 2018/19, the Committee adopted IFRS 9 *Financial instruments* and IFRS15 *Revenue from Contracts with Customers*.

4. Critical Judgements in Applying Accounting Policies

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

The critical judgement made in the Statement of Accounts are:

Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision.

5. 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 2019 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**5. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (continued)**

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 £536,000. However, the assumptions interact in complex ways. During 2018/19, Barnett Waddingham LLP advised that the net pensions liability had increased by £1.31 million as a result of a change in financial assumptions.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Committee will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Leasehold Improvements would increase by £17,000 for every year that useful lives had to be reduced.

Impairment Loss on PCN Debts

At 31 March 2019, the Committee had an amount of £333,000 of debts registered at the County Court. An impairment loss of £267,000 based on a 20% recovery rate recognised in the accounts. However, in the current economic climate it is not certain that such an allowance is sufficient and if collection rates were to deteriorate the provision will have to be increased accordingly.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 18 September 2019. 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 2019, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

7. 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

7. Note to the Expenditure and Funding Analysis (continued)

Adjustments between funding and accounting basis during 2018/19:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	149	4	153
Direct Services	230	(2)	228
One off Payment to Boroughs	-	-	-
Net Cost of Services	379	2	381
Other Operating Expenditure	164	2	166
Financing and investment income and expenditure	217	0	217
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	760	4	764

Adjustments between funding and accounting basis during 2017/18:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	145	(3)	142
Direct Services	189	5	194
One off Payment to Boroughs	-	-	-
Net Cost of Services	334	2	336
Other Operating Expenditure	40	1	41
Financing and investment income and expenditure	256	-	256
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	630	3	633

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

- **Freedom Pass and Taxicard services/Direct Services/Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and
- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

7. 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.

8. Other Operating Expenditure

	2018/19 £000	2017/18 £000 (Restated)
Staff costs	1,195	1,125
Premises costs	39	86
Other running costs	315	407
Total	1,549	1,618

9. Financing and Investment Income and Expenditure

	2018/19 £000	2017/18 £000 (Restated)
Interest and Investment Income	(44)	(20)
Net Loss on Pension Scheme Assets/Liabilities (see note 11)	217	256
Impairment losses/(gains) for bad debts	183	(53)
Total	356	183

10. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2018/19, TEC provided administrative support and infrastructure to the Road User Charging Adjudicators (RUCA) on behalf of the Greater London Authority under the terms of a service contract. The contract is charged on a cost recovery basis with performance obligations recognised over time.

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

	2018/19 £000	2017/18 £000
Revenue from contract	(896)	(985)
Impairment of contract receivables (annual movement)	-	1
Total	(896)	(984)

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

	2018/19 £000	2017/18 £000
Receivables (included in debtors)	508	603
Impairment of contract receivables	(2)	(2)
Total	506	601

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. 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 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2016, the employers' contribution towards the Future Service Rate was set at 12% of pensionable pay for the period 1 April 2017 to 31 March 2020.

The LPFA aim to establish and maintain full funding on a risk adjusted triennial valuation basis. The LPFA administers the funds of 363 different public sector and 'not for profit' organisations with assets totalling £5.7 billion. At the end of March 2016 the funding level was 96% on a triennial valuation basis, as per the LPFA's external actuary (Barnett Waddingham). The funding level is projected to increase to 111% by 2020/21.

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

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Pensions (continued)

- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2016 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 2016 was the starting point for the 'roll forward' IAS19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2019 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. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 March 2019. It should be noted that this adjustment is an estimate of the potential impact on the Committee's Defined Benefit Obligation based on analysis carried out by the Government Actuary's Department (GAD) and the Committee's liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

Financial Assumptions

The financial assumptions as at 31 March 2019:

Assumptions as at:	31 March 2019 (% per annum)	31 March 2018 (% per annum)
RPI increases	3.4%	3.3%
CPI increases	2.4%	2.3%
Salary increases	3.9%	3.8%
Pension increases	2.4%	2.3%
Discount rate	2.4%	2.6%

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**11. Pensions (continued)**

These assumptions are set with reference to market conditions at 31 March 2019.

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

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

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

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.4% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts and is consistent with the approach used at the previous accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, a short-term overlay has been allowed from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

Demographic and Statistical Assumptions

A set of demographic assumptions that are consistent with those used for the most recent funding valuation at 31 March 2016 have been adopted. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long term rate of improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

	31 March 2019	31 March 2018
Retiring today:		
Males	21.0	22.0
Females	23.6	24.6
Retiring in 20 years:		
Males	22.8	24.3
Females	25.2	26.9

The following assumptions have also been made:

- Members will exchange half of their commutable pension for cash at retirement;

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Pensions (continued)

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

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2019:

	At 31 March 2019		At 31 March 2018	
	£000	%	£000	%
Equities	9,622	55%	9,906	61%
Target return portfolio	4,444	25%	3,631	22%
Infrastructure	989	6%	709	4%
Property	1,565	9%	1,166	7%
Cash	810	5%	789	5%
	17,430	100%	16,201	100%

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code. Under the Liability Driven Investment (LDI), RPI swaps are used to hedge 25% of the Funds cashflow liability against inflation.

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Fair value of employer assets	17,430	16,201
Present value of scheme liabilities	(25,582)	(24,791)
Net Liability	(8,152)	(8,590)
Present value of unfunded liabilities	(22)	(23)
Net Liability in Balance Sheet	(8,174)	(8,613)

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Service cost	721	540
Net interest on the defined liability	217	256
Administration expenses	21	20
Total	959	816

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Pensions (continued)

The reconciliation of the Defined Benefit Obligation at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Defined Benefit Obligation	(24,814)	(23,381)
Current service cost	(545)	(540)
Interest cost	(625)	(688)
Change in financial assumptions	(1,310)	808
Change in demographic assumptions	1,309	-
Estimated benefits paid net of transfers	644	460
Past service costs including curtailments	(176)	-
Contributions by scheme participants	(129)	(123)
Unfunded pension payments	2	1
Adjustment arising from apportionment of pension liability	40	(1,351)
Closing Defined Benefit Obligation	(25,604)	(24,814)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Opening Fair Value of Employer's Assets	16,201	14,666
Interest on assets	408	432
Return on assets less interest	1,187	428
Administration expenses	(21)	(20)
Contributions by employer	199	186
Contributions by scheme participants	129	123
Estimated benefits paid plus unfunded net of transfers in	(646)	(461)
Adjustment arising from apportionment of pension liability	(27)	847
Closing Fair Value of Employer's Assets	17,430	16,201

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	25,068	25,604	26,152
Projected service cost	546	559	573
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	25,652	25,604	25,556
Projected service cost	559	559	559
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	26,104	25,604	25,115
Projected service cost	573	559	546
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	26,499	25,604	24,740
Projected service cost	579	559	541

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2019 is as follows:

	At 31 March 2019	At 31 March 2018
	£000	£000
Return on plan assets in excess of interest	1,187	428
Change in financial assumptions	(1,310)	808
Change in demographic assumptions	1,309	-
Adjustment arising from apportionment of pension liability	13	(504)
Re-measurements	1,199	732

The projections for the year to 31 March 2020 is as follows:

	31 March 2020
	£000
Service cost	559
Net interest on the defined liability	194
Administration expenses	23
Total	776
Employers contribution	192

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

11. Pensions (continued)

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. The scheme is operated by Smart Pension and the amount recognised as an expense is as follows:

	2018/19	2017/18
	£000	£000
Current period contributions	16	7

12. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2018	20	930	950
Additions	4	-	4
Disposals	-	-	-
At 31 March 2019	24	930	954
At 1 April 2018	11	219	230
Charge for the year	5	102	107
Charge relating to			
Disposals	-	-	-
At 31 March 2019	16	321	337
Net Book Value			
At 31 March 2019	8	609	617
At 31 March 2018	9	711	720

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

12. Property, Plant and Equipment (continued)

Comparative movements in 2017/18:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2017	20	930	950
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	20	930	950
At 1 April 2017	5	118	123
Charge for the year	6	101	107
Charge relating to Disposals	-	-	-
At 31 March 2018	11	219	230
Net Book Value			
At 31 March 2018	9	711	720
At 31 March 2017	15	812	827

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

13. Short Term Debtors

	31 March 2019 £000	31 March 2018 £000
Amounts owed by member authorities	2,156	2,134
Payments in advance	579	165
Other debtors	3,668	2,760
Impairment losses for bad debts	(268)	(86)
Total	6,135	4,973

14. Cash and Cash Equivalents

	31 March 2019 £000	31 March 2018 £000
Cash held by the Committee	71	60
Cash balances held by the City of London	4,501	3,738
Total	4,572	3,798

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

15. Leases

Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £261,000 (2017/18: £260,000) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

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

	31 March 2019	31 March 2018
	£000	£000
Not later than one year	297	297
Later than one year and not later than five years	1,187	1,187
Later than five years	227	592
Total	1,711	2,076

16. Short Term Creditors

	31 March 2019	31 March 2018
	£000	£000
Amounts owed to member authorities	(2,109)	(1,257)
Amounts owed to group undertaking	(512)	(505)
Accruals	(1,255)	(971)
Other creditors	-	(624)
Total	(3,876)	(3,357)

17. Financial Instruments

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

Financial assets:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	10,341	8,263
Total financial assets	10,341	8,263
Non-financial assets	983	1,228
Total assets	11,324	9,491

Financial liabilities:

	31 March 2019	31 March 2018
	£000	£000
Amortised cost	(3,835)	(3,320)
Total financial liabilities	(3,835)	(3,320)
Non-financial liabilities	(8,215)	(8,650)
Total liabilities	(12,050)	(11,970)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

18. Usable Reserves

	31 March 2019	31 March 2018
	£000	£000
General Reserve	3,936	3,060
2020 Freedom Pass Re-issue Reserve	3,413	3,111
Special Projects Reserve	140	-
Total	7,489	6,171

19. Transfers to Specific Reserves

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

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

Transfers to the Specific Reserves during the year ended 31 March 2018:

	Balance at 1 April 2017	Transfer out	Transfer In	Balance at 31 March 2018
	£000	£000	£000	£000
2020 Freedom Pass Re-issue Reserve	1,734	-	1,377	3,111
Total	1,734	-	1,377	3,111

The 2020 Freedom Pass Re-issue Reserves was established by the Committee on 11 December 2014 to accumulate funds to meet the cost of the Freedom Pass reissue exercise.

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

20. Unusable Reserves

	31 March 2019	31 March 2018
	£000	£000
Pensions Reserve	(8,174)	(8,613)
Accumulated Absences Reserve	(41)	(37)
Total	(8,215)	(8,650)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

20. Unusable Reserves (continued)

Pensions Reserve

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

	2018/19		2017/18	
	£000	£000	£000	£000
Balance at 1 April		(8,613)		(8,715)
Actuarial gains or losses on pension assets and liabilities		1,199		732
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	(959)		(816)	
Employer's pensions contribution and direct payments to pensioners payable in the year	199	(760)	186	(630)
Balance at 31 March		(8,174)		(8,613)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (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.

	2018/19 £000	2017/18 £000
Balance at 1 April	(37)	(34)
Settlement or cancellation of accrual made at the end of the preceding year	37	34
Amounts accrued at the end of the current year	(41)	(37)
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	(4)	(3)
Balance at 31 March	(41)	(37)

21. Cash Flow Statement – Operating Activities

	2018/19 £000	2017/18 £000
Surplus on Provision of Services	554	463
Adjusted for:		
Current Service Cost Adjustment	543	374
Depreciation	107	107
Net return on Pension Scheme Assets/Liabilities	217	256
Increase in Debtors	(1,162)	(1,257)
Increase/(Decrease) in Creditors	519	(366)
Adjustments for non-cash movements	224	(886)
Interest and Investment Income	(44)	(20)
Adjustments for investing and financing activities	(44)	(20)
Net cash flows from Operating Activities	734	(443)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

22. Cash Flow Statement – Investing Activities

	2018/19	2017/18
	£000	£000
Interest and Investment Income	44	20
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(4)	-
Total	40	20

23. Members' Allowances

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

	2018/19	2017/18
	£000	£000
Members' Allowances	23	19

24. 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	
	2018/19	2017/18
	£000	£000
£50,000 - £54,999	3	1
£55,000 - £59,999	2	2
£60,000 - £64,999	2	2
£65,000 - £69,999	1	1
£70,000 - £74,999	-	2
£75,000 - £79,999	-	-
£80,000 - £84,999	1	1
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	2
£115,000 - £119,999	1	-

These amounts include payments made to Parking Adjudicators.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

24. Officers' Remuneration (continued)

The salaries of the senior officers disclosed below are allocated between London Councils Joint Committee, Grants Committee and Transport and Environment Committee. The allocation of their salary costs to the Transport and Environment Committee are as follows:

- Corporate Director, Policy and Public Affairs – 20% (2017/18: 25%)
- Director, Transport and Mobility 100% (2017/18: 100%)
- Director, Corporate Governance – 20% (2017/18: 20%)
- Director, Communications – 28% (2017/18 28%)

Senior officers remuneration during 2018/19

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Corporate Director, Policy and Public Affairs	25,584	-	3,070	28,654
Director, Transport and Mobility	117,443	-	14,093	131,536
Director, Corporate Governance	20,681	-	2,482	23,163
Director, Communications	28,953	-	3,474	32,428
Total	192,661	-	23,119	215,781

Senior officers remuneration during 2017/18

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Corporate Director, Policy and Public Affairs	31,353	-	3,762	35,115
Corporate Director, Services	113,120	-	13,574	126,694
Director, Transport and Mobility	20,275	-	2,433	22,708
Director, Corporate Governance	28,386	-	3,406	31,792
Total	193,134	-	23,175	216,309

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

25. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2018/19 (2017/18: nil).

26. External Audit Costs

The Committee incurred the following amounts in relation to the audit of the Statement of Accounts:

	2018/19	2017/18
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts to KPMG LLP:	26	23
	26	23

27. 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 Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2018/19 was £31.114 million (2017/18: £32.007 million). The total value of expenditure paid to member boroughs during 2018/19 was £167,000 (2017/18: £333,000). On 31 March 2019, the value of debtor balances owed by member boroughs amounted to £2.156 million (2017/18: £2.134 million) and the value of creditor balances owed to member boroughs (including receipts in advance) amounted to £2.109 million (2017/18: £1.257 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 2018/19 was £10.198 million (2017/18: £10.32 million). The total value of expenditure on charges during 2018/19 was £19,000 (2017/18: £29,000). On 31 March 2019, the value of debtor balances owed by TfL amounted to £2.45 million (2016/17: £1.531 million) and there were no creditor balances owed to TfL (including receipts in advance) (2017/18: Nil).

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 2018/19 amounted to £4.773 million (2017/18: £4.205 million). On 31 March 2019, the value of debtor balances owed by central government bodies amounted to £898,000 (2017/18: £617,000) and there were no creditor balances owed to central government bodies (including receipts in advance) (2017/18: £17,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

27. Related Parties**London Councils Limited**

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £512,000 (2017/18: £505,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2019, the value of creditor balances owed to the group company was £512,000 (2017/18: £505,000).

25. Concessionary Fares

These accounts do not include the amount of £322.924 million (2017/18: £324.181 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme.

26. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils from 1 April 2000. A copy of the consolidated accounts for 2017/18 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

27. Segmental Reporting

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

GLOSSARY**Accounting Policies**

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

Accruals

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

Actuarial Gains and Losses

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

Actuary

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

Amortised Cost

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

Balance Sheet

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

Budget

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

Capital Charges

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

Capital Expenditure

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

Carrying amount

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

Change in Accounting Estimate

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

Consistency

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

GLOSSARY (continued)**Contingent**

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

Contract

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

Creditors

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

Current Asset

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

Current Expenditure

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

Current Liability

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

Current Service Cost

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

Curtailments

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

Debtors

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

Depreciation

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

Employee benefits

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

Equity Instrument

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

Events after the reporting period

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

GLOSSARY (continued)**Fair Value**

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

Financial Asset

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

Financial Instrument

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

Financial Liability

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

Fixed Assets

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

Historical Cost

This is the cost deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

Impairment

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

Intangible Assets

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

Inventories

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

Levies

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

Material

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

GLOSSARY (continued)**Net Realisable Value**

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

Operational Assets

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

Past Service Cost

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

Pensions Interest Cost

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

Performance Obligation

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

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

Post Balance Sheet Events

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

Post-Employment Benefits

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

Present Value of a Defined Benefit Obligation

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

Provision

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

Prudence

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

Recharges

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

Recoverable Amount

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

GLOSSARY (continued)**Related Parties**

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

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

Related Party Transaction

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

Remuneration

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

Reserves

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

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

Residual Value

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

Service Recipient

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

Short-Term Employee Benefits

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

Specific Grants

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

Specific Reserves

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

Tangible Fixed Assets

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

Useful Life

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

GLOSSARY (continued)

VAT

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