



**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE**

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2020

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.

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

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

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

On behalf of TEC during 2019/20 London Councils:

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

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

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

- Worked closely with its Taxicard supplier to improve performance significantly over the course of the year.
- Achieved significant potential savings through new contract and subsequently agreed new funding arrangement with TfL.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

Parking and Traffic

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

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

- Continued to manage the London Lorry Control Scheme, issuing permits and enforcing to ensure compliance.
- Continued to implement the scheme review recommendations, including:
 - developing a comprehensive Communications Strategy and Plan
 - improving scheme monitoring arrangements
 - Completed a successful ANPR enforcement pilot
 - Commenced a detailed review of on street signs
 - Commissioned a consultancy to review the outstanding recommendations and advise of the best way forward to complete the recommendations.
- Reviewed the scheme traffic order to bring Barnet back into the scheme and have progressed discussions with Barnet to implement the necessary changes.
- Engaged with Redbridge, Hillingdon and Havering to discuss when and how enforcement can resume in these boroughs.
- Continued to work closely with TfL on the development of the Direct Vision Standard Scheme to improve lorry safety and the proposal to introduce this new initiative with an amendment to the London Lorry Control Scheme order.

- Extended the enforcement service contract.
- Suspended the scheme at the end of March for a period of three months to support the freight sector in light of the COVID-19 emergency.

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

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

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.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

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

London Tribunals

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

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

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

The London European Partnership for Transport (LEPT)

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

- Continued to monitor European and other funding and knowledge exchange opportunities, and briefing boroughs accordingly.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

Cross-Cutting Service Priorities

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

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

Transport and Environment Policy

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

Environment Policy:

In 2019/20 we have:

- Launched the fourth 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 co-ordinated effort to communicate all the activities that took place as part of Clean Air Day in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Held two high profile events on air quality issues for London, one jointly hosted by the City and London Councils and one organised jointly by London Councils, the Cross-River Partnership, LEDNet and ADPH together with businesses.
- Developed a lobbying strategy around the Environment Bill and prepared detailed briefings for both MPs and Peers to highlight London Councils position on the Bill and get these raised at the appropriate time.
- Responded to three Defra waste consultations on producer responsibility, Deposit Return Schemes and consistency, in collaboration with LEDNet.
- Co-chaired the London Green Space Commission together with the GLA, looking at how London can better support its valuable green spaces.
- Made representations at the London Plan Examination in Public on issues around air quality, water resources and parking standards.
- Held a the second joint TEC-LEDNet workshop with a focus on climate change, resulting in an ambitious statement covering seven themes.
- Published the TEC LEDNet Joint Statement on Climate Change, getting significant interest from stakeholders.
- London Councils and LEDNet are invited to join the local government and green sector climate change policy coalition, resulting from its ambitious statement.
- Continued the more formal relationship between London Councils TEC and LWARB through regular meetings between the two chairs and reports to TEC. This resulted in a joint workshop on LWARB priorities going forward, which significantly influenced the current Business Plan.
- Continued to support the Thames Flood Advisors to ensure they provide a relevant, efficient and sustainable service to local authorities.
- Continued to work jointly with the Thames RFCC including the Environment Agency and Thames Water on flood related issues.
- Through LEDNet:
 - boroughs took part in a London Assembly roundtable on fly-tipping research and continues to trial a number of interventions to reduce the occurrence of fly-tipping in London;
 - boroughs exchanged knowledge and learning on fly-tipping enforcement practices and performance;
 - completed a number of peer reviews across environmental services functions;
 - boroughs responded to the consultation on the proposed Waste Sector Deal;
 - boroughs discussed the implementation of a Workplace Parking Levy in their areas; and
 - boroughs began reporting to London Gold and the Strategic Coordination Group on behalf of London's environment services, following the significant increase of Covid-19 cases in London.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**Transport Policy**

In 2019/20, London Councils has:

- Continued engagement with TfL and borough finance directors to scrutinise and better understand the TfL business planning process.
- Lobbied the Mayor for a top up of LIP funding from his budget.
- Achieved a place on TfL's board to be nominated by London Councils.
- Continued the delivery of the Go Ultra Low Cities Scheme (GULCS) to roll out electric vehicle charge points, reaching the milestone of 1,000 charge points in April 2019. In addition:
 - GULCS electrical guidance was published and is being used across the country;
 - Bidding for Round 2 Funding opened and was over-subscribed, resulting in 28 boroughs getting £4m to deliver another 1,000 charge points;
 - Held two events aimed at borough officers to both update and seek views for future activities of the co-ordination body and discuss the new concept of Community Charging Hubs;
 - Participated and contributed to the EV Taskforce;
 - Completed and shared with boroughs an analysis of electric vehicle charge point usage data for nearly 2,000 on-street residential charge points delivered by London boroughs;
 - Took part and show-cased the achievements of GULCS at the 'Everything EV Event' in London; and
 - Launched London Councils web page directing all London residents to borough processes to request an on-street electric vehicle charge point.
- Secured funding for a transport function with the Local London sub-regional partnership; the only area of London that was not in receipt of any financial support from TfL until then.
- Together with LoTAG, published the third State of the City report outlining the vast funding gap for London's road infrastructure maintenance. Jointly with LoTAG, organised its annual conference, with a key note address from the chair of TEC.
- Used a number of parliamentary question opportunities to raise awareness of the funding pressures faced by London's highway assets and pressed for a more sustainable funding situation, such as devolution of VED.
- Ran two task and finish groups on future mobility, one on car clubs and one on Smart Mobility and Mobility as a Service (MaaS) with recommendations that achieved wide stakeholder buy in.
- Finalised and supported the publication of the Car Clubs Annual Survey Report led by Steer.
- Secured 50 per cent of funding from TfL to deliver the Electric Vehicle and Car Club co-ordination function at London Councils from April 2020 for a period of two years.
- Jointly with TfL, applied for funding for 12 schemes from the Major Road Network Fund, which were all successful at the first stage.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- Helped to commission valuable, qualitative research on walking habits of Londoners and what would enable Londoners to walk more, through the London Walking Forum.
- Engaged with Network Rail on its London Rail Strategy and wrote to the SoS to support the devolution of the great northern franchise to TfL.
- Took part in Centre for London research on a new road user charging scheme, making sure that boroughs interests were protected and reflected in any recommendations.

Looking forward to 2020/21

The following sets out the high level business plan priorities signed off by TEC Chair and Vice Chairs and Leaders committee. However this does not represent a detailed business plan which will be considered at the TEC AGM in October.

1 Leadership and collaboration to address the climate change emergency and London's wider environmental challenges in the context of a green recovery from Covid-19.

Boroughs' supported by London Councils' collaborate to deliver and significantly accelerate the move towards being a carbon neutral city and reduce air pollution; gaining support from government through powers and funding to deliver on this and the wider city environment agenda.

Outputs

- a. Secure low carbon solutions as a core principle of action for the London Recovery Board.
- b. Deliver agreement on how London boroughs will move to a commitment on 100 per cent renewable energy for their own estate and publicise their contribution to climate change.
- c. Develop and publicise a collaborative strategy to develop London's green economy with support from business and the Mayor.
- d. Run a wider media campaign to publicise the importance of climate action and London boroughs' contribution to addressing this challenge.
- e. Deliver powerful advocacy interventions that call for adequate powers and funding to deliver on our shared ambitions to tackle the climate change and ecological emergencies and the crisis around air quality.
- f. Lobby to influence statutory guidance for consistency in recycling and for additional powers to improve air quality.
- g. Develop and publicise a collaborative strategy to prioritise walking and cycling in existing and future developments with support from TfL and the Mayor.

2 Promote transport infrastructure investment for London to support the economic recovery from Covid-19 and good growth in the longer term.

Identify ways to fund and deliver the transport infrastructure investment needed to retain and enhance London's status as a global, successful city and one that achieves carbon neutrality whilst promoting growth.

Outputs

- a. Support boroughs to deliver 1,000 charging points for electric vehicles during this year.
- b. Create and lobby for a programme of local transport infrastructure delivery that supports the economic recovery from Covid-19 and addresses enhanced connectivity, orbital travel, platform extensions, walking and cycling and related responses to growing demand.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- c. Make the public case to drive transport innovation in the capital, such as micromobility (dockless bikes, e-bikes and possibly e-scooters), demand responsive initiatives, car sharing and autonomous transport.
- d. Make a public case to central government about the importance of borough influence on relevant rail franchise arrangements.
- e. Argue for additional resources to respond to the Covid-19 crisis and encourage more active travel across London and improved funding for local roads through.
- f. Lobby for the delivery of major transport investment including Crossrail 2, High Speed 2, Euston redevelopment, Bakerloo Line Extension, West London Orbital and Tram network.
- g. Develop proposals and media influencing fiscal devolution of transport taxes, including VED.

Transport and Mobility Services

Freedom Pass: Ensure effective day to day management of the Freedom Pass scheme providing 1.2 million older and disabled London residents free travel on almost all of London’s public transport.

Outputs

- a. Negotiate the Freedom Pass annual settlements with Transport for London and other transport operators, achieving best value for London’s authorities who fund the scheme.
- b. Complete renewal of Freedom Passes expiring in 2021 and the mid-term review of passes expiring in 2023.
- c. Ensure that the service and associated contracts are reviewed and where necessary updated to account for the impact of COVID-19.
- d. Further enhance customer experience through improved digital service provision.

Taxicard: Ensure effective day to day management of the Taxicard Scheme, providing subsidised journeys in taxi and private hire vehicles to around 60,000 Londoners with severe mobility and visual impairments.

Outputs

- a. Further enhance customer experience through improved digital service provision.
- b. Maintain improvements in service reliability.
- c. Ensure that the service and associated contracts are reviewed and where necessary updated to account for the impact of COVID-19.

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

Outputs

- a. Progress implementation of outstanding scheme review recommendations.
- b. Renew enforcement contract, introducing ANPR technology.
- c. Ensure that the service and associated contracts are reviewed and where necessary updated to account for the impact of COVID-19, including the impacts of the temporary suspension of enforcement between 17 March and 15 June.

Traffic and Parking Policy and Advice: Helping to deliver effective and consistent traffic and parking policies and operations in London.

Outputs

- a. Lobby for legislative change for the partial decriminalisation of speed enforcement, giving powers to London’s local authorities to enforce the speed limits they are responsible for setting.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

- b. Continue to provide highly valued advice and support to boroughs and represent their interests at relevant forums and meetings, including hosting the Parking Managers Seminar.
- c. Continue to work closely with the Local Government Association and British Parking Association in developing and publishing advice to all authorities on parking and traffic management in light of the COVID-19 emergency.
- d. Continue to lobby Central Government for additional parking and moving traffic enforcement and management powers to help ensure road user safety. The need for this has intensified with the active travel focus in light of COVID-19.

Health Emergency Badge (Urgent Care Badge): Helping medical professionals attend emergencies quickly by managing the Health Emergency Badge Scheme effectively.

Outputs

- a. Progress the review and modernisation of the scheme.

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

Outputs

- a. Continue to manage and operate the TRACE service, achieving an increase in take up of the online portal service.

London European Partnership for Transport (LEPT): Ensuring effective management of the London European Partnership for Transport (LEPT) to maximise funding, networking and knowledge opportunities in Europe and beyond.

Outputs

- a. Secure future funding for the future of the service in light of Brexit.
- b. Provide briefings, guidance on funding calls and organise a study tour for borough officers.

London Tribunals: Efficiently supporting the provision of independent appeals services via London Tribunals, including the Environment and Traffic Adjudicators (ETA) and the Road User Charging Adjudicators (RUCA).

Outputs

- a. Implement further system enhancements and efficiencies.
- b. Implement changes and resources to manage the introduction of the Direct Vision Standard Scheme and amendments to the Congestion Charge and ULEZ schemes in response to the COVID-19 emergency.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

Financial Review

The Director of Corporate Resources has pleasure in presenting the accounts for 2019/20. The accounts consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 15)
- Comprehensive Income and Expenditure Statement (page 26);
- Movement in Reserves Statement (page 27);
- Balance Sheet (page 28);
- Cash Flow Statement (page 29); and
- Notes to the Accounts (page 30 - 59).

Revenue expenditure

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

	Revised Budget £000	Actual £000	Variation £000
Expenditure	44,517	44,896	379
Income	(44,197)	(43,520)	677
Interest income and expenditure	-	12	12
Deficit for the year	320	1,388	1,068
Transfer from/to Reserves	(320)	(1,718)	(1,398)
Surplus for the year including transfer from reserves	-	(330)	(330)

A deficit on revenue activities of £1.388 million has been posted for 2019/20 which, after a net transfer of £1.718 million from reserves has led to an overall surplus after net transfers from reserves of £330,000. The surplus is due to:

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

In December 2018, TEC approved a budgetary provision of £1.3 million for 2019/20 to cover the cost of payments to non-TfL bus operators under the national concessionary fares scheme, the overall cost of which is demand led by eligible bus users. This was made up of projected claims of £1.1m based on mid-year 2018/19 data plus a £200,000 contingency to cover potential new bus operators joining the scheme. Claims from operators amounting to £967,000 have been received and accepted for 2019/20, which has led to an underspend of £333,000, or 25.6%, which reflects a lower take up of new bus operators compared to the contingent element of the budget along with a fall in journeys and the withdrawal of one operator from January 2020.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**• Traded Services (-£91,000)**

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

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

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

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

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

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

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

There was, however, a significant overachievement in the collection of PCN income of £144,000 above the budgetary provision of £900,000. This was due to continued effective performance of the outsourced enforcement function leading to increased transaction volumes and higher levels of debt being raised and collected. Of the £1.044 million income due for the year, £193,000 has yet to be collected and has been registered with the County Court. The provision for impairment losses (bad debts) has been decreased by £133,000 in respect of this outstanding amount, in accordance with usual accounting practice.

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

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

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

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

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

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

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

- **Taxicard (Net Nil)**

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

- Residual variances of -£93,000.

Budget for 2020/21

On 5 December 2019, the full TEC Committee approved a total expenditure budget for 2020/21 of £48.67 million, exclusive of the borough payment of £318.763 million to Transport for London (TfL) in respect of Concessionary Fares. Total income sources, including the use of existing balances of £579,000 were also estimated to be £48.67 million, leaving a projected balanced budget for the year.

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

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

The Committee is required to:

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


The Director of Corporate Resources' Responsibilities

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

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

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

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



F Smith CPFA
Director of Corporate Resources

4 January 2021

APPROVAL CERTIFICATE

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

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

Roger Ramsey

Cllr Roger Ramsey
Chair of London Councils' Audit Committee

4 January 2021

ANNUAL GOVERNANCE STATEMENT

Introduction

Covid-19

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

Scope of responsibility

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

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

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

The purpose of the governance framework

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

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

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

ANNUAL GOVERNANCE STATEMENT (continued)

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

Review of effectiveness

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

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

Areas for development during 2020/21

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

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

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

Procurement of Goods and Services

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

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

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

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

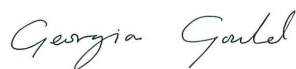
Significant governance issues

There are no significant governance issues.



John O'Brien
Chief Executive

4 January 2021



Cllr Georgia Gould
Chair of London Councils

4 January 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE

We have audited the non-statutory financial statements (the 'financial statements') of London Councils Transport and Environment Committee (the 'committee') for the year ended 31 March 2020, which the Comprehensive Income and Expenditure statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements give a true and fair view of the financial position of the committee as at 31 March 2020 and of its expenditure and income for the year then ended in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

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

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

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

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

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

We have nothing to report in this regard.

Responsibilities of the committee, the Director of Corporate Resources and those charged with governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 15, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for preparation of the financial statements which give a true and fair view, and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

A handwritten signature in blue ink that reads "Grant Thornton UK LLP".

Grant Thornton UK LLP
Appointed Auditor

London
Date 8 January 2021

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

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

	Notes	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net £000	2018/19 Gross Expenditure £000 Restated	2018/19 Gross Income £000 Restated	2018/19 Net £000 Restated
Cost of Services							
Freedom Pass and Taxicard services		32,442	(32,002)	440	33,527	(34,218)	(691)
Direct Services		10,614	(11,198)	(584)	9,642	(10,823)	(1,181)
Cost of Services		43,056	(43,200)	(144)	43,169	(45,041)	(1,872)
Other Operating Expenditure	8	1,840	(320)	1,520	1,291	(329)	962
Financing and investment income and expenditure	9	186	(174)	12	400	(44)	356
Deficit / (Surplus) on Provision of Services		45,082	(43,694)	1,388	44,860	(45,414)	(554)
Re-measurement of the net defined liability	11			(1,621)			(1,199)
Other Comprehensive Income and Expenditure				(1,621)			(1,199)
Total Comprehensive Income and Expenditure				(233)			(1,753)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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

	2019/20			2018/19		
	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Committee Reserves £000
Balance at 1 April	7,489	(8,215)	(726)	6,171	(8,650)	(2,479)
Total Comprehensive Income and Expenditure	(1,388)	1,621	233	554	1,199	1,735
Adjustments between accounting basis and funding basis under regulations (note 7)	586	(586)	-	764	(764)	-
(Decrease)/Increase	(802)	1,035	233	1,318	435	1,735
Balance at 31 March	6,687	(7,180)	(493)	7,489	(8,215)	(726)

BALANCE SHEET AS AT 31 MARCH 2020

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

		31 March 2020	31 March 2019
	Notes	£000	£000
Property, Plant and Equipment	12	515	617
Long Term Assets		515	617
Short Term Debtors	13	3,921	6,135
Cash and Cash Equivalents	14	6,513	4,572
Current Assets		10,434	10,707
Short Term Creditors	16	(4,304)	(3,876)
Current liabilities		(4,304)	(3,876)
Other Long Term Liabilities	11	(7,138)	(8,174)
Long Term Liabilities		(7,138)	(8,174)
Net Liabilities		(493)	(726)
Usable Reserves	18	6,687	7,489
Unusable Reserves	20	(7,180)	(8,215)
Total Reserves		(493)	(726)

The notes on pages 30 to 59 form part of the accounts.

F Smith CPFA
Director of Corporate Resources

4 January 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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

	2019/20 £000	2018/19 £000
Net (deficit)/surplus on the provision of services	(1,388)	554
Adjustments to net (deficit)/surplus on the provision of services for non-cash movements	3,331	224
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(174)	(44)
Net cash flows from Operating Activities (note 21)	1,769	734
Investing Activities (note 22)	172	40
Net increase/(decrease) in cash and cash equivalents	1,941	774
Cash and cash equivalents at 1 April	4,572	3,798
Cash and cash equivalents at 31 March	6,513	4,572

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies**a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Committee prepares its accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 2020 (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 2020 (continued)**1. Accounting Policies (continued)****e Contingent Liabilities**

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

f Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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 2020 (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% (2018/19: 2.4%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unutilised securities – current bid price; and
 - Property – market value.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**1. Accounting Policies (continued)**

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

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

Defined Contribution Pension Scheme

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

g Exceptional Items and Prior Period Adjustments

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

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

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

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

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

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

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

Currently the Committee has no borrowings.

Financial Assets

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

i Government Grants and Contributions

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

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

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

j Interest Income

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

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

1. Accounting Policies (continued)**k Leases****Finance leases**

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

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

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

Operating leases

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

l Overheads

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

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

m Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (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.

n Reserves

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

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

o Value Added Tax

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

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

2. Restatement of Comparatives

The comparative figures in the Expenditure Funding Analysis and the Comprehensive Income and Expenditure Statement have been restated to correct errors in the classification of IAS19 Pension Current Service Costs adjustments.

The effect on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2019:

Net Surplus on Provision of Services:

	As previously stated £000	Restatement £000	As Restated £000
Freedom Pass and Taxicard services	(796)	105	(691)
Direct Services	(1,134)	153	(1,181)
Other Operating Expenditure	1,220	(258)	962

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 2020/21 (the Code) has introduced changes in accounting policies which will be required from 1 April 2020. If these had been adopted for the financial year 2019/20 there would be no material changes to the Committee's accounts as detailed below.

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

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

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

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

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

IFRS16 Leases – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard for one year in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2021. This standard will not have a material impact on the Committee's accounts due to the low value of equipment lease arrangements.

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. The current level of uncommitted reserves provide a sufficient level of security for the projected income deficits arising from the Covid-19 pandemic.

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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

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

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £498,000. However, the assumptions interact in complex ways. During 2019/20, Barnett Waddingham LLP advised that the net pensions liability had decreased by £2.923 million as a result of a change in financial assumptions.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**6. Events After the Balance Sheet Date**

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

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

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

7A. Expenditure and Funding Analysis

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

	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000 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	343	97	440	(844)	153	(691)
Direct Services	(767)	183	(584)	(1,409)	228	(1,181)
Cost of Services	(424)	280	(144)	(2,253)	381	(1,872)
Other Operating Expenditure	1,400	120	1,520	796	166	962
Financing and investment income and expenditure	(174)	186	12	139	217	356
Surplus on Provision of Services	802	586	1,388	(1,318)	764	(554)
Opening Usable Reserve Balance	(7,489)			(6,171)		
Surplus	802			(1,318)		
Closing Usable Reserve Balance	(6,687)			(7,489)		

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

7B. Note to the Expenditure and Funding Analysis

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

Adjustments between funding and accounting basis during 2019/20:

Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure	Pension Adjustments £000	Accumulated Absence Adjustments £000	Total Adjustments £000
Freedom Pass and Taxicard services	97	-	97
Direct Services	180	3	183
Net Cost of Services	277	3	280
Other Operating Expenditure	122	(2)	120
Financing and investment income and expenditure	186	-	186
Difference between General Reserve and Comprehensive Income and Expenditure Statements Surplus on Provision of Services	585	1	586

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

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

- **Freedom Pass and Taxicard services/Direct Services/Other Operating Expenditure** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and

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

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

- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

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

8. Other Operating Expenditure

	2019/20	2018/19
	£000	£000
		Restated
Staff costs	1,113	937
Premises costs	231	39
Other running costs	496	315
Total	1,840	1,291

The comparative amount for staff costs has been restated to correct errors in the classification of IAS19 Pension Current Service Costs adjustments (see note 2).

9. Financing and Investment Income and Expenditure

	2019/20	2018/19
	£000	£000
Interest and Investment Income	(41)	(44)
Net Loss on Pension Scheme Assets/Liabilities (see note 11)	186	217
Impairment (gains)/losses for bad debts	(133)	183
Total	12	356

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 2019/20, 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:

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

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

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

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

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

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

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

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

11. Pensions (continued)

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

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

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

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

Financial Assumptions

The financial assumptions as at 31 March 2020:

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**11. Pensions (continued)**

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

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

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

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

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

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

Demographic and Statistical Assumptions

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

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

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

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

11. Pensions (continued)

The assumed life expectations from age 65 are:

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

The following assumptions have also been made:

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

The fair value of the pension scheme assets attributable to the Transport and Environment Committee at 31 March 2020:

	At 31 March 2020		At 31 March 2019	
	£000	%	£000	%
Equities	8,641	54%	9,622	55%
Target return portfolio	4,125	26%	4,444	25%
Infrastructure	1,166	7%	989	6%
Property	1,589	10%	1,565	9%
Cash	488	3%	810	5%
	16,009	100%	17,430	100%

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

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2020 is as follows:

	At 31 March 2020	At 31 March 2019
	£000	£000
Fair value of employer assets	16,009	17,430
Present value of scheme liabilities	(23,129)	(25,582)
Net Liability	(7,120)	(8,152)
Present value of unfunded liabilities	(18)	(22)
Net Liability in Balance Sheet	(7,138)	(8,174)

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

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

11. Pensions (continued)

	At 31 March 2020	At 31 March 2019
	£000	£000
Service cost	581	721
Net interest on the defined liability	187	217
Administration expenses	22	21
Total	790	959

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

	At 31 March 2020	At 31 March 2019
	£000	£000
Opening Defined Benefit Obligation	(25,604)	(24,814)
Current service cost	(581)	(545)
Interest cost	(591)	(625)
Change in financial assumptions	2,923	(1,310)
Change in demographic assumptions	(139)	1,309
Experience loss on defined benefit obligation	(157)	
Estimated benefits paid net of transfers	189	644
Past service costs including curtailments	-	(176)
Contributions by scheme participants	(131)	(129)
Unfunded pension payments	2	2
Adjustment arising from apportionment of pension liability	942	40
Closing Defined Benefit Obligation	(23,147)	(25,604)

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

	At 31 March 2020	At 31 March 2019
	£000	£000
Opening Fair Value of Employer's Assets	17,430	16,201
Interest on assets	405	408
Return on assets less interest	(592)	1,187
Other actuarial gains/(losses)	(715)	-
Administration expenses	(22)	(21)
Contributions by employer	204	199
Contributions by scheme participants	131	129
Estimated benefits paid plus unfunded net of transfers in	(191)	(646)
Adjustment arising from apportionment of pension liability	(641)	(27)
Closing Fair Value of Employer's Assets	16,009	17,430

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 2020 (continued)

11. Pensions (continued)

Sensitivity analysis:

	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	22,649	23,147	23,657
Projected service cost	524	538	551
Adjustment to Long-term Salary Increases	+0.1%	0.0%	-0.1%
Present value of total obligation	23,190	23,147	23,105
Projected service cost	538	538	537
Adjustment to Pension Increases and Deferred Revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	23,616	23,147	22,688
Projected service cost	551	538	525
Adjustment to Mortality Age Rating Assumption	+1 year	None	-1 year
Present value of total obligation	23,923	23,147	22,397
Projected service cost	556	538	520

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

	At 31 March 2020	At 31 March 2019
	£000	£000
Return on plan assets in excess of interest	(592)	1,187
Other actuarial losses on assets	(715)	-
Change in financial assumptions	2,923	(1,310)
Change in demographic assumptions	(139)	1,309
Experience gain/(loss) on defined benefit obligation	(157)	-
Adjustment arising from apportionment of pension liability	301	13
Re-measurements	1,621	1,199

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

	31 March 2021
	£000
Service cost	538
Net interest on the defined liability	165
Administration expenses	21
Total	724
Employers contribution	226

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (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. Pension contributions are based on a percentage of the monthly fee paid to adjudicators participating in the scheme. The Committee's contribution rate for the 2019/20 tax year was 3% (2018/19: 2%) while the adjudicators' minimum contribution rate was 5% (2018/19: 3%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

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

12. Property, Plant and Equipment

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
Cost			
At 1 April 2019	24	930	954
Additions	2	-	2
Disposals	-	-	-
At 31 March 2020	26	930	956
Depreciation			
At 1 April 2019	16	321	337
Charge for the year	2	102	104
Charge relating to Disposals	-	-	-
At 31 March 2020	18	423	441
Net Book Value			
At 31 March 2020	8	507	515
At 31 March 2019	8	609	617

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

12. Property, Plant and Equipment (continued)

Comparative movements in 2018/19:

	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
Depreciation			
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

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

13. Short Term Debtors

	31 March 2020 £000	31 March 2019 £000
Amounts owed by member authorities	1,593	2,156
Payments in advance	534	579
Other debtors	1,929	3,668
Impairment losses for bad debts	(135)	(268)
Total	3,921	6,135

14. Cash and Cash Equivalents

	31 March 2020 £000	31 March 2019 £000
Cash held by the Committee	1,075	71
Cash balances held by the City of London	5,438	4,501
Total	6,513	4,572

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (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 (2018/19: £261,000) and are included in the Comprehensive Income and Expenditure Statement.

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

	31 March 2020	31 March 2019
	£000	£000
Not later than one year	297	297
Later than one year and not later than five years	1,116	1,187
Later than five years	-	227
Total	1,413	1,711

16. Short Term Creditors

	31 March 2020	31 March 2019
	£000	£000
Amounts owed to member authorities	(1,766)	(2,109)
Amounts owed to group undertaking	(515)	(512)
Accruals	(2,023)	(1,255)
Total	(4,304)	(3,876)

17. Financial Instruments

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

Financial assets:

	31 March 2020	31 March 2019
	£000	£000
Amortised cost	10,014	10,341
Total financial assets	10,014	10,341
Non-financial assets	935	983
Total assets	10,949	11,324

Financial liabilities:

	31 March 2020	31 March 2019
	£000	£000
Amortised cost	(4,262)	(3,835)
Total financial liabilities	(4,262)	(3,835)
Non-financial liabilities	(7,180)	(8,215)
Total liabilities	(11,442)	(12,050)

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

18. Usable Reserves

	31 March 2020	31 March 2019
	£000	£000
General Reserve	3,946	3,936
2020 Freedom Pass Re-issue Reserve	2,601	3,413
Special Projects Reserve	140	140
Total	6,687	7,489

19. Transfers (from)/to Specific Reserves

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

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

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

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

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

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 2020	31 March 2019
	£000	£000
Pensions Reserve	(7,138)	(8,174)
Accumulated Absences Reserve	(42)	(41)
Total	(7,180)	(8,215)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (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.

	2019/20		2018/19	
	£000	£000	£000	£000
Balance at 1 April		(8,174)		(8,613)
Actuarial gains or losses on pension assets and liabilities		1,621		1,199
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	(789)		(959)	
Employer's pensions contribution and direct payments to pensioners payable in the year	204	(585)	199	(760)
Balance at 31 March		(7,138)		(8,174)

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

20. Unusable Reserves (continued)

Accumulated Absences Reserve

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

	2019/20		2018/19	
	£000	£000	£000	£000
Balance at 1 April		(41)		(37)
Settlement or cancellation of accrual made at the end of the preceding year	41		37	
Amounts accrued at the end of the current year	(42)		(41)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1)		(4)
Balance at 31 March		(42)		(41)

21. Cash Flow Statement – Operating Activities

	2019/20		2018/19	
	£000	£000	£000	£000
(Deficit)/Surplus on Provision of Services		(1,388)		554
Adjusted for:				
Current Service Cost Adjustment	399		543	
Depreciation	104		107	
Net return on Pension Scheme Assets/Liabilities	186		217	
Decrease/(Increase) in Debtors	2,214		(1,162)	
Increase in Creditors	428		519	
Adjustments for non-cash movements		3,331		224
Finance and investment income	(174)		(44)	
Adjustments for investing and financing activities		(174)		(44)
Net cash flows from Operating Activities		1,769		734

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

22. Cash Flow Statement – Investing Activities

	2019/20	2018/19
	£000	£000
Finance and investment income	174	44
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(2)	(4)
Total	172	40

23. Members' Allowances

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

	2019/20	2018/19
	£000	£000
Members' Allowances	17	23

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	
	2019/20	2018/19 (Restated)
£50,000 - £54,999	1	-
£55,000 - £59,999	-	1
£60,000 - £64,999	1	1
£75,000 - £79,999	1	-
£80,000 - £84,999	1	1
£110,000 - £114,999	1	1
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 (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 based on the estimated amount of time spent working on the Committee's affairs as follows:

- Corporate Director, Policy and Public Affairs – 20% (2018/19: 20%)
- Director, Transport and Mobility 100% (2018/19: 100%)
- Director, Corporate Governance – 20% (2018/19: 20%)
- Director, Communications – 28% (2018/19 28%)

Senior officers remuneration during 2019/20

Post Holder	Salary £	Compensation for Loss of Office £	Pension Contributions £	Total Remuneration £
Corporate Director, Policy and Public Affairs	27,262	-	3,271	30,533
Director, Transport and Mobility	121,893	-	14,627	136,520
Director, Corporate Governance	21,155	-	2,531	23,686
Director, Communications	29,532	-	3,544	33,076
Total	199,842	-	23,973	223,815

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

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

25. Termination Benefits

There were no termination payments included in the Comprehensive Income and Expenditure Statement for 2019/20 (2018/19: nil).

26. External Audit Costs

The fee charged for the audit of all London Councils Statement of Accounts and Statutory Return was £42,000 (2018/19 £38,000). The following amount has been apportioned to the Transport and Environment Committee on the basis of the absolute value of financial transaction in accordance with the accounting policy on overheads (see Note 1, Item m):

	2019/20	2018/19
	£000	£000
Fees payable in respect of the audit of the Statement of Accounts	28	26
	28	26

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 Authorities

Member authorities have direct control over the Committees activities through their membership of London Councils Transport and Environment Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member authorities during 2019/20 was £30.969 million (2018/19: £31.114 million). The total value of expenditure paid to member authorities during 2019/20 was £11,000 (2018/19: £167,000). On 31 March 2020, the value of debtor balances owed by member authorities amounted to £1.593 million (2018/19: £2.156 million) and the value of creditor balances owed to member authorities (including receipts in advance) amounted to £1.766 million (2018/19: £2.109 million).

Transport for London

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2019/20 was £8.879 million (2018/19: £10.198 million). The total value of expenditure on charges during 2019/20 was £15,000 (2018/19: £19,000). On 31 March 2020, the value of debtor balances owed by TfL amounted to £794,000 (2018/19: £2.45 million) and the value of creditor balances owed to TfL (including receipts in advance) amounted to £97,000 (2018/19: Nil).

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

27. Related Parties**Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2019/20 amounted to £4.851 million (2018/19:£4.773 million). On 31 March 2020, the value of debtor balances owed by central government bodies amounted to £905,000 (2018/19: £898,000) and there were no creditor balances owed to central government bodies (including receipts in advance) (2018/19: Nil).

London Councils Limited

London Councils Limited is a wholly controlled subsidiary of London Councils. The Committee was recharged an amount of £515,000 (2018/19: £512,000) in respect of the premises cost of London Tribunals' hearing centres. On 31 March 2020, the value of creditor balances owed to the group company was £515,000 (2018/19: £512,000).

28. Concessionary Fares

These accounts do not include the amount of £320.913 million (2018/19: £322.924 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme. Whilst these direct payments are included in the Committee's annual budget they are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs will artificially inflate London Councils income and expenditure.

29. Consolidated Accounts

These accounts form part of the consolidated accounts for London Councils from 1 April 2000. A copy of the consolidated accounts for 2019/20 can be obtained from the Director of Corporate Resources, 59½ Southwark Street, London, SE1 0AL.

30. 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.